**CHAPTER 23: THE 1920S: COPING WITH CHANGE, 1920-1929**

A NEW ECONOMIC ORDER

### Booming Business, Ailing Agriculture

* Sharp recession struck, in 1920 after the wartime defense contracts were halted and veterans returned to the job market. It recovered by 1922.
* New consumer goods, especially electrical goods, contributed to the prosperity.
* The 1920s saw an increase in automobile sales, which led to industries such as: rubber, gasoline, motor oil, advertising, and highway construction.
* The stock market rose sharply.
* The business boom also stimulated capitalist expansion abroad.
* Industrialized nations put high tariff barriers in place.
* The FORDNEY MCCUMBER TARIFF (1922) AND SMOOT HAWLEY TARIFF (1930) pushed US import duties to all-time highs, benefiting domestic manufacturers, but stifling foreign trade.
* Overall wage rates rose, but workers benefited unequally, reflecting regional variations as well as discriminatory patterns rooted in stereotypes and prejudices.
* Of regional differences – the one between the North and South was the largest.
* Many factories moved to the South because the labor was cheaper, which devastated many New England towns. Minorities also got paid the least and were the last to get hired and the first to get fired.
* Farmers did not share in the boom.
* Grain prices plummeted when the gov’t. stopped buying grain for the soldiers, European agriculture revived, and America’s high protective tariff depressed agricultural exports.
* From 1919 to 1921, farm income fell by 60%.
* Farmers compensated by increasing production = large surpluses and still weaker prices. They were also facing debt and having to pay back loans for land and equipment.

### New Modes of Producing, Managing, and Selling

* 1920s saw increasing productivity.
* Assembly line work became normal and it was tedious.
* Mass-production had a revolutionary impact.
* Business consolidation continued.
* As US capitalism matured, more elaborate management structures arose. They set up separate divisions for product development, market research, economic forecasting, employee relations, and so forth.
* Some business leaders concluded that higher wages would improve productivity and increase consumer-buying power. Ford led the way paying his workers $5/day.
* Chain stores and department stores were popular.
* Advertising became huge.
* They had celebrity endorsements.
* Buying on credit became popular – installment plans with fixed payment schedules. They usually reserved credit for big-ticket items.

### Women in the New Economic Era

* About 24% of the female population worked in the 1920’s, about the same as before.
* They faced wage discrimination.
* They began to find work in offices as secretaries, typists, or filing clerks.
* They kept men in managerial positions and women in clerical positions.
* Women physicians declined from 1910 to 1930 because of quotas established.
* More women graduated high school and went on to college – 12% by 1920

### Struggling Labor Unions in a Business Age

* Union membership declined because: despite regional variations, overall wage rates climbed steadily, reducing the incentives to join; older craft-based unions were ill suited to new mass-production factories; management hostility weakened organized labor, thugs were hired to intimidate union organizers.
* Others set up employee associations and provided cafeterias and recreational facilities for workers. Some sold company stocks for low prices.
* This was called “welfare capitalism”; it was probably used to ward off unions.
* Black membership remained low and most unions were discriminatory even though they said they weren’t.
* Many blacks acted as “scabs” because it was the only work that they could get.
* Scabs worked when union members went on strike.

THE HARDING AND COOLIDGE ADMINISTRATIONS

### Stand Pat Politics in a Decade of Change

* In the 1920s, Republicans pulled from northern farmers, corporate leaders, businesspeople, native-born white-collar workers and professionals, and some skilled blue-collar workers.
* The Democrats’ base remained the white south and the immigrant cities.
* The 1920 Republican convention nominated Warren G. Harding. The Democrats nominated James Cox.
* Harding won – he had notable cabinet members and sleazy ones.
* The sleazy ones – set the tone for the corrupt Harding presidency.
* Aug.2, 1923 Harding died of a heart attack.
* In 1924 a Senate investigation pushed by Democratic senator Thomas J. Walsh of Montana exposed the full scope of the scandals.
* TEAPOT DOME SCANDAL – Interior Secretary, Albert Fall, went to jail for leasing government oil reserves, one in Teapot Dome, Wyoming, to 2 oilmen in return for a $400,000 bribe.
* Vice President Calvin Coolidge became president after Harding’s death.

### Republican Policymaking in a Probusiness Era

* The moral tone improved, but the probusiness climate, symbolized by high tariffs, persisted.
* “TRICKLE DOWN THEORY” – it held that tax cuts for the wealthy would promote business investment, stimulate the economy, and thus benefit everyone. Treasury Secretary, Andrew Mellon embraced this theory.
* While eager to promote corporate interests, Coolidge opposed government assistance for other groups. He was challenged in 1927 when huge rainfall flooded the Mississippi River.
* Coolidge refused to send aid or visit the devastated areas. He did reluctantly sign the FLOOD CONTROL ACT OF 1928 – and appropriate $325 million for a 10-year program to construct levees along the Mississippi.)
* Hard-pressed farmers rallied behind the MCNARY-HAUGEN BILL – s price support plan under which the government would annually purchase the surplus of six basic farm commodities – cotton, rice, corn, hogs, tobacco, and wheat – at their average price in 1909-1914 (when farm prices were high). The government would then sell these surpluses abroad at prevailing prices and make up any resulting losses through a tax on domestic sales of these commodities.
* This bill passed Congress twice and Coolidge vetoed it both times.
* This led many farmers to abandon the Republican Party and vote Democratic in 1928.

### Independent Internationalism

* INDEPENDENT INTERNATIONALISM – After the war, the US pursued global policies that they believed to be in America’s national interest. In spite of the isolationist tendencies.
* They tried to control arms after the war at the Washington Naval Arms Conference. They agreed along with GB, France, Japan, and Italy to reduce their naval battleship tonnage.
* KELLOGG-BRIAND PACT – renouncing aggression and calling for the outlawing of war. (1928). It lacked an enforcement mechanism and did little to prevent WWII. US, France and 60 other nations signed this.
* The US wanted to be repaid for WWI
* With US foreign investments expanding, the government worked to advance American business interests abroad.

### Progressive Stirrings, Democratic Party Divisions

* The reform spirit survived feebly in the legislative branch.
* In 1922, a midterm election year, labor and farm groups formed the Conference for Progressive Political Action (CPPA), which helped defeat some conservative Republicans. In 1924 they revived Lafollette for President.
* The Democrats, split between urban and rural wings. They couldn’t decide on a nominee and chose an obscure John W. Davis.
* Coolidge wan the Republican nomination.
* The platform rested on the FORDNEY-MCCUMBER TARIFF and urged tax and spending cuts.
* Coolidge won by a landslide.

### Progressive Stirrings, Democratic Party Divisions

* The 19th Amendment had little political affect; many women scattered across the political spectrum or withdrew from politics altogether.
* As the women’s movement splintered, it lost focus.
* Jane Addams and other women’s rights leaders faced accusations of communist sympathies. Women of the younger generation were into consumption of goods.
* The Supreme Court struck down child-labor laws in 1922 and women’s protective laws in 1923.
* A 1924 child-labor constitutional amendment passed Congress after heavy lobbying by women’s organizations, but few states ratified it.

MASS SOCIETY, MASS CULTURE

### Cities, Cars, and Consumer Goods

* In the 1920 census there were more urban (more that 2,500 people) than rural places.
* Many African Americans flocked to cities, especially after the Mississippi River flood.
* For women, city life meant electric and gas appliances that reduced household labor.
* Food preparation and diet shifted in response to urbanization and technological changes. The availability of canned fruit and vegetables got rid of canning for many.
* Food became available year round because of refrigeration.
* The automobile had a huge social impact.
* The car gave people greater mobility, but it also eroded family cohesion and parental authority. It allowed kids to borrow the car and get away.
* Tractors became popular on farms – with this the rural debt crisis worsened.
* It allowed for supermarkets, department stores, and fast food chains to take off.
* The automobile was too expensive for many – it was mainly for the prosperous.

### Soaring Energy Consumption and a Threatened Environment

* Because of the innovation the US sucked up coal, oil, and natural gas.
* National parks were now open to more tourists because of the automobile.
* This helped because it created a larger constituency for environmental awareness. Yet, it made more demand for rest stops, hotels, etc.
* Secretary of Commerce Herbert Hoover created a NATIONAL CONFERENCE ON OUTDOOR RECREATION – to set national recreation policies and try to balance the Progressive Era conservationist ethic and the vacation-minded leisure culture of the 1920s.
* The Sierra Club and Audubon Society worked to protect wilderness and wildlife.

### Mass-Produced Entertainment

* Mass-circulation magazines
* Radio
* Movies
* NBC and CBS were created for radio companies
* 1927 sound was introduced to the movies
* This was all a byproduct of urbanization and the culture changes that followed.
* It penetrated the country unevenly; it was less popular in rural areas and strong resistance among evangelical Christians suspicious of modernity.
* The theaters provided opportunities for conversation, socializing, and sometime catcalls to the film being shown.

### Celebrity Culture

* They had screen heroes and sports heroes.
* Women aspired to be like the women in the Miss America Pageant and men could fantasize about being a huge sports star.
* The popularity of Charles Lindbergh optimized the celebrity culture.
* This new mass culture conveyed a potent message: a person’s horizons need not be limited by his or her immediate surroundings.

CULTURAL FERMENT AND CREATIVITY

### The Jazz Age and the Postwar Crises of Values

* Young people, taking advantage of the years prosperity and the freedom offered by the automobile, threw parties, drank bootleg liquor, flocked to jazz clubs, and danced the Charleston.
* Young people also discussed sex more freely than their parents.
* “Courting” had once been a prelude to marriage. The 1920s brought the more informal ritual of “dating".
* People gained social confidence without necessarily contemplating marriage.
* The double standard, holding women to a stricter code of behavior, was still in force.
* Female sexuality was more openly acknowledged – skirt lengths went up, wearing makeup became more acceptable, and petticoats and corsets fell away.
* Some also took up smoking, because boys could do it.
* Moral guardians protested the moral behavior of the young.
* The flapper, with her bobbed hair, defiant cigarette, lipstick, and short skirt epitomized youthful rejection of the older stereotype of womanhood.
* Millions of Americans adhered to traditional ways and standards. Most farmers, blacks, industrial workers, and recent immigrants found economic survival more pressing that the latest fads and fashions.

### Alienated Writers

* Sinclair Lewis and other writers dislike the moralistic pieties of the old order and the business pieties of the new.
* Ernest Hemingway was also a popular writer.
* HARLEM RENAISSANCE – artistic creativity of African Americans. It took many forms: all-black Broadway musical reviews to poems and novels. Black women got a career boost, young whites in rebellion against Victorian propriety romanticized black life, as freer and less inhibited.

### Architects, Painters, Musicians Celebrate Modern America

* Skyscrapers became more common.
* Paintings began to reflect city life.
* Music was also transformed.
* Jazz best captured the modernist spirit.
* George Gershwin was the most gifted of the white composers.
* Black musicians preserved authentic jazz and explored its potential.
* Louis Armstrong was popular.
* Duke Ellington performed to sell out crowds at Harlem’s Cotton Club.
* Jazz survived and flourished unlike much of the pop culture of the 1920s

### Advances in Science and Medicine

* X-rays and a device that helps scientists study the atomic nucleus would have profound implications for the future.

A SOCIETY IN CONFLICT

### Immigration Restriction

* NATIONAL ORIGINS ACT OF 1924 – restricted annual immigration from any foreign country to 2% of the total number of persons of the “national origin” in the US in 1890. Since the great influx of southern and eastern European had come after 1890 its intent was clear: to reduce the immigration of those nationalities.
* In 1929 Congress changed the base year for determining nation origins to 1920, but even then they only let small numbers in from Poland, Italy, Russia, and Hungary.
* This system survived to 1965 – it represented a strong counterattack by native-born Protestant Americans against the immigrant cities.
* Total immigration fell from 1.2 million in 1914 to 280,000 in 1929.
* It excluded Asians and South Asians entirely as “persons ineligible to citizenship.”
* Court rulings underscored the nativist message.
* In *Ozawa v. U.S. (1922)* – the US Supreme Court rejected a citizenship request by a Japanese born student at the Univ. of CA – Berkeley.
* They also upheld a CA law limiting the right of Japanese immigrants to own or lease farmland. (1923)
* That same year, the SC rejected an immigration application by a man from India who claimed that he was “Caucasian” and thus eligible for entry under the NATIONALITY ACT OF 1790, which had limited naturalized citizenship to “free white persons”. In framing this law, the court ruled, the founders had intended “to include only the type of man whom they knew as white. those from the British Isled and northwestern Europe.

### Needed Workers/Unwelcome Aliens: Hispanic Newcomers

* New immigration laws did not restrict immigration from the Western Hemisphere. Immigration from Latin America and from French Canada soared in the 1920s.
* Many of the immigrants were low-paid migratory workers in the region’s (SW) large-scale agribusiness. Mexican labor sustained the citrus industry.
* Sunkist provided substandard housing for seasonal workers and fought their attempts to form labor unions.
* Some Mexicans were citizens and lived in the Midwest and developed their own communities.
* Mexican Americans were split between recent arrivals and earlier immigrants who had become US citizens. The strongest Mexican-American organization in the 1920s was the Texas based LEAGUE OF UNITED LATIN-AMERICAN CITIZENS – ignored the migrant laborers of the SW.
* Mexican Americans were deeply religious, but they were not accepted into the Anglo Catholic churches.
* While their labor was needed they were not wanted. The Border Patrol was created in 1925; deportations increased; and in 1929 Congress made illegal entry a criminal offense. These reduced legal immigration, but illegal immigration continued. About 100,000 people came annually to fill jobs.

### Nativism, Anti-Radicalism, and the Sacco-Vanzetti Case

* Sacco and Vanzetti (Italian immigrants) were accused of shooting and killing the paymaster and guard of a shoe factory in South Braintree, Massachusetts, and stealing 2 cash boxes.
* They were charged and tried. They were found guilty and electrocuted on August 23, 1927.
* They were anarchists and the prosecution harped on their radicalism.
* The judge called them anarchists as well.
* The case was circumstantial and far from airtight, but later research and ballistics tests on Sacco’s gun pointed to their guilt, the prejudices that tainted the trial remain indisputable.

### Fundamentalism and the Scopes Trial

* Post Civil War American Protestantism faced not only an expanding Catholic and Jewish population, but also growing prestige of science, challenging religion’s cultural standing.
* FUNDAMENTALISM – They insisted on the literal truth of the Bible, including the Genesis account of Creation. Religious “modernists” they charged, had abandoned the truths revealed in God’s Word.
* They targeted evolution and banning it from being taught in schools, especially in the South. Fundamentalists best-known champion, was the former Democratic presidential candidate and secretary of state WILLIAM JENNINGS BRYAN. He endorsed the anti-evolution cause.
* TN barred the theory of evolution from being taught. The AMERICAN CIVIL LIBERTIES UNION (ACLU) – offered to defend any teacher willing to challenge the law.
* JOHN T. SCOPES – a teacher from Dayton, TN volunteered.
* CLARENCE DARROW – famed criminal lawyer, defended him. A Chicago radio station aired the case live and it created a media sensation.
* The jury found Scopes guilty, the Dayton trial did expose fundamentalism to ridicule.
* Many southern and western states passed anti-evolution laws.

### The Ku Klux Klan and the Garvey Movement

* The Klan had a lull and was resurrected in 1915.
* The Klan devised a recruitment scheme involving a 10-dollar membership fee divided among the sales man (called the Kleagle), the local sales manager (King Kleagle), the district sales manager (Grand Goblin), the state leader (Grand Dragon), and the national leader (Imperial Wizard).
* They won a vast following.
* They attacked blacks, Catholics, Jews, and aliens.
* They carried out vigilante attacks on whites suspected of sexual immorality or prohibition law violations. Estimates on membership ranged as high as 5 million in the 1920s.
* It gave a sense of empowerment and group cohesion to people who felt marginalized by the new social order of immigrants, big cities, great corporations, mass culture, and racial and religious diversity. The rituals added drama to unfulfilling lives.
* They used intimidation, threats, beatings, and lynchings and won government seats in several states.
* In 1925 after the Grand Dragon in Indiana raped his secretary and she committed suicide and political corruption was revealed the Klan lost much of its vigor.
* MARCUS GARVEY and UNIVERSAL NEGRO IMPROVEMENT ASSOCIATION (UNIA). – founded in 1914 and headquartered in Harlem. He glorified all things black and urged black economic solidarity. He asked blacks to return to Africa and build a great nation there.
* 80,000 joined UNIA. He unsettled whites as well as the middle-class leaders of the NAACP and W.E.B. DuBois. It also highlighted social tensions between Caribbean blacks and blacks from the South. It provoked rivalry for limited economic opportunities and political power.
* In 1923 a federal court convicted Garvey of fraud. After 2 years in prison he was deported to Jamaica, and the UNIA collapsed.

### Prohibition: Cultures in Conflict

* Jan. 1920 – 18th Amendment took effect and people rejoiced.
* Saloons closed, liquor advertising vanished, and arrests for drunkenness declined. In 1921 alcohol consumption stood at about 1/3 the prewar level. It gradually lost its support and ended in 1933.
* For rebellious young people, alcohol’s illegality increased its appeal.
* Every city had speakeasies. They sold alcohol from Canada or the West Indies and many concocted their own home brew. By 1929 alcohol consumption was about 70% of the prewar level.
* Organized crime helped circumvent the law.
* Organized crime helped get past the law. A reform designed to produce a more orderly virtuous society was turning citizens into lawbreakers and mobsters into celebrities.
* It influenced the 1928 election – AL Smith advocated for its repeal and Hoover praised it. A study down in 1931 said it was good, but said it should stay.

HOOVER AT THE HELM

### The Election of 1928

* Al Smith – Democratic nominee was a Catholic and a wet.
* Hoover – the Republican nominee won by a landslide.
* In the rural Midwest farmers voted for Smith. Catholic and Jewish immigrants in the North voted heavily democratic. The nation’s 12 largest cities went democratic after voting republican in the previous election.

### Herbert Hoover’s Social Thought

* Hoover disapproved of cutthroat capitalist competition. He though rational economic development demanded corporate cooperation in marketing, wage policy, raw-material allocation, and product standardization. It should operate like an efficient machine.
* He welcomed the growth of **welfare capitalism**. But above all, he believed in voluntarism. It must arise from the voluntary action of capitalist leaders, not government coercion or labor-management power struggles.
* He had more than 250 conferences in which business leaders discussed unemployment, pricing policies, and labor-management relations. He urged higher wages to increase the purchasing power and persuaded the steel industry to adopt an 8-hour workday.
* He showed more interests in capitalists than among consumers or workers. It brought him grief when he had to step in because he anted them to make the right decisions on their own.
* His early months seemed promising. He studied Social trends and secured passage of legislation to create a FEDERAL FARM BOARD (1929) – to promote cooperative commodity marketing. He hoped it would raise farm prices while preserving the voluntarist principle.

**CHAPTER 24: THE GREAT DEPRESSION AND THE NEW DEAL, 1929-1939**

* FDR was elected in 1932.
* First New Deal (1933-1936) – themes were relief and recovery through a united national effort.
* Second New Deal (1935-1936) - the administration placed less emphasis on unity and more on business regulation and on policies benefiting workers, small farmers, sharecroppers, migrant laborers, and others at the low end of the scale.
* There are two interconnected themes.
  + The New Deal’s profound effect on ideas about government, as it defined a more expansive view of the role of the state in promoting economic and social welfare.
  + The response of the American people to the Great Depression. All sorts of people met the crisis with resourcefulness, social activism, and creative expression.

CRASH AND DEPRESSION, 1929-1932

* The election of FDR set the stage for a vast expansion in the role of the federal government in addressing social and economic issues.

### Black Thursday and the Onset of the Depression

* By Oct. 1929, the market hit $87 billion (it was at $27 bill. In 1925). With stockbrokers lending speculators up to 75% of a stock’s cost, CREDIT OR “MARGIN” BUYING” spread.
* The income –tax cuts promoted by Treasury Secretary Andrew Mellon had increased the volume of money available for speculation. Optimistic pronouncement also fed the speculative boom. Former president Coolidge declared stocks “cheap at current prices.” “Investment trusts”, like today’s mutual funds, but unregulated, lured novices into the market. The construction industry declined sharply in 1928-1929 – an omen few heeded.
* In 1928 and 1929 the Federal Reserve tried to dampen speculation by raising the interest rate on Federal Reserve notes. Early in 1929 the Fed warned banks to tighten up their lending practices, but with speculators willing to pay 20% in interest, banks loaned their money freely.
* OCTOBER 24, 1929 – “BLACK THURSDAY” – as prices fell, some stocks found no buyers at all: they had literally become worthless. On Tuesday, October 29, a record 16 million stocks had changed hands in frantic trading. By mid-November the loss in stocks stood at $30 billion. By 1930 the economy went into a long tailspin, producing a full-scale depression.
* What were the underlying causes of the depression?
  + The agricultural sector remained depressed throughout the decade.
  + In the industrial sector, increased productivity did not generate fully equivalent wage increases, but rather took the form of higher corporate profits.
  + In 1929 the 40% of Americans who were lowest on the economic scale received only about 12% of the total national income. This reduced consumer purchasing power.
  + Assembly-line methods encourage overproduction.
  + Important sectors of industry-including railroads, steel, textiles, and mining – lagged technologically in the 1930s and could not attract the investment needed to stimulate recovery.
  + Some economists, the so-called monetarist school, also focus on the banking system’s collapse in the early 1930s, which they blame on Federal Reserve System’s tight-money policies. They say that this policy strangled any hope of economic recovery by reducing the amount of money available to business for investment and growth.
  + All analysts link the US depression to a global economic crisis. European economies had war debt payments and a severe trade imbalance with the US – which caused it to collapse in 1931. This crisis depressed US exports and fed the fear gripping the nation.
* It had a huge impact. From 1929 to 1932, the gross national product dropped from $104 billion to $59 billion. Farm prices fell by almost 60 percent. By 1933, 5,500 banks had closed, and unemployment stood at 25% or 13 million workers.

### Hoover’s Response

* Hoover confronted the crisis, but his approach also reflected his belief in localism and private initiative.
* Hoover urged businesses to maintain wages and employment. He advised municipalities and states to create public-works projects.
* In October 1930 he set up an Emergency Committee for Employment to coordinate voluntary relief efforts.
* In 1931 he persuaded the nation’s largest banks to set up a private lending agency, the National Credit Corporation, to help hard-pressed smaller banks make business loans.
* They did little good.
* In an interim election the Republicans lost the House and Hoover raised taxes to respond to a budget deficit. Large companies began to cut wages and jobs and relief was not available to most.
* In 1932, Hoover did more (election year). He created the RECONSTRUCTION FINANCE CORPORATION (RFC) - to make loans to major economic institutions such as banks and insurance companies.
* He reaped little political benefit and he only supported them reluctantly, warning that they could open the door of “socialism and collectivism.”
* Hoover urged self-help and local initiative, in response his relations with the media soured.

### Mounting Discontent and Protest

* People traveled looking for jobs, waited in bread lines, slept on park benches. They had no money and family savings vanished as banks failed.
* The suicide rate rose dramatically and violence erupted because people were unable to pay their bills.
* The nation’s farms were also hard hit. Many underwent mortgage foreclosures or forced sales because of tax delinquency.
* In 1931 Midwestern farmers organized a boycott called the FARMERS’ HOLIDAY ASSOCIATION to force prices up by withholding grain and livestock from the market. Dairy farmers dumped milk in IA and WI.
* WWI vets also protested, they wanted their war bonuses to be paid to them. They marched on Washington. 2,000 stayed in Washington and Hoover sent in the army.
* On July 28 a thousand troops commanded by General Douglas Macarthur armed with tear gas, tanks, and machine guns drove the veterans from their encampment and burned their shelters.

### The Election of 1932

* The Democrats appealed to urban voters with a call for repeal of prohibition, to farmers with support for aid programs, and to fiscal conservatives with demands for a balanced budget and cuts in federal spending.
* FDR was nominated and won. His VP was John Nance Garner. The Democrats also took over both houses of Congress.

THE NEW DEAL TAKES SHAPE, 1933-1935

* FDR passed emergency reform measures. They involved 3 basic goals:
  + Industrial recovery through business-government cooperation and pump-priming federal spending.
  + Agricultural recovery through crop reduction
  + Short-term emergency relief funneled through state and local agencies when possible, but directly by the federal government if necessary.
* It was an activist government addressing urgent national problems.
* By 1935 some New Deal programs were in trouble, and opposition was building.

### Roosevelt and His Circle

* Roosevelt had no detailed agenda. He encouraged competing proposals, thought over differences, and then backed the measures he sensed could be sold to Congress and the public.
* His wife, Eleanor, was of the reform minded women. She was in contact with poor rights and helped FDR to see this. She was his eyes and ears to the places he could not travel to.
* Roosevelt’s cabinet was diverse, and so to were the ideas coming out of the New Deal.

### The Hundred Days

* HUNDRED DAYS – Congress enacted more than a dozen important measures. These expanded the federal government’s involvement in the nation’s economic life.
* FDR first addressed the banks. On March 5, he ordered all banks to close for four days. At the end of this he proposed the EMERGENCY BANKING ACT – this law, supplemented by a later one, permitted healthy banks to reopen, set up procedures for managing failed banks, increased government oversight of banking, and required banks to separated their savings deposits form their investment funds.
* Congress also created the FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) – to insure all bank deposits up to 5,000 dollars.
* Other measures addressed relief.
* Two new agencies assisted those losing their homes.
* HOME OWNERS LOAN COPROPRATION (HOLC) – helped city –dwellers refinance their mortgages.
* FARM CREDIT ADMINISTRATION provided loans to rural Americans to meet their farm payments.
* CIVILIAN CONSERVATION CORPS (CCC) – employed jobless youths in such government projects as reforestation, park maintenance, and erosion control. By 1935 500,000 young men were earning 35 a month to send to their families.
* FEDERAL EMERGENCY RELIEF ACT – appropriated $500 million for state and local relief agencies that had exhausted their funds. FDR chose, HARRY HOPKINS, the relief administrator in NY.
* They also had to deal with the challenge of promoting recovery in the agricultural and industrial sectors of the country.
* For agriculture there were two trains of thought:
  + To buy the excess and sell it abroad OR
  + Reducing production as a means of raising income. – This one won.
* The government paid southern cotton planters to plow under much of their crop; Midwestern farmers were to slaughter some 6 million piglets and pregnant sows.
* People were angered because many were starving and the government was killing food.
* In May 1933, Congress passed the AGRICUTLURAL ADJUSTMENT ACT - it set up a program by which producers of the major agricultural commodities – including hogs, wheat, corn, cotton, and dairy – received payments called subsidies, in return for cutting production. A tax on grain mills and other food processors (a tax ultimately passed to the consumer) financed the subsidies. The AGRICULTURAL ADJUSTMENT ADMINISTRATION (AAA) supervised it.
* NATIONAL INDUSTRIAL RECOVERY ACT – appropriated $3.3 billion for heavy-duty government public-works programs to provide jobs and stimulate the economy.
* NATIONAL RECOVERY ADMINISTRATION (NRA) – brought together business leaders to draft codes of “fair competition”. They set production limits, prescribed wages and working conditions, and forbade price-cutting and unfair competitive practices. This revived the trade associations.
* The NRA’s success relied on voluntary support – so they urged people to only buy from NRA members.
* This also acted as reform potential – the NRA’s code banned child labor. Section 7a of the National Industrial Recovery Act affirmed workers’ right to organize unions and bargain collectively.
* The RFC was kept from the Hoover years. It was a potent financial resource for corporate America.
* The early New Deal thus had a strong probusiness flavor; he thought that business was key in fighting the depression.
* Some reforms took a more regulatory approach.
* They probed the stock market and found that not one of 20 partners of the Morgan Bank had paid any income tax in 1931 or 1932.
* FEDERAL SECURITIES ACT – this law required corporations to inform the Federal Trade Commission fully n all stock offerings, and made executives personally liable for any misrepresentation of securities their companies issued.
* In 1934, Congress curbed the purchase of stock on credit – a practice that had contributed to the crash of 1929 – and created the SECURITIES AND EXCHANGE COMMISSION (SEC) to enforce the new regulations.
* The most innovative long-range recovery program was the TENNESSEE VALLEY AUTHORITY – advanced the economic and social development of the entire Tennessee River valley, one of the nation’s most poverty-stricken regions. A series of dams supplied cheap hydroelectric power, bringing electricity to the region. They also promoted flood control, water recreation, and erosion prevention. It proved one of the New Deal’s best achievements.

*Failures and Controversies Plague the Early New Deal*

* As the depression persisted, several New Deal Programs, including the NRA and AAA faced difficulties.
* Corporate America did not like NRA regulation. Code violations increased. Small businesses complained that the codes favored big corporations. Drafting trivial codes bogged down the agency itself.
* Corporate trade associations used the codes to restrict competition and maintain prices, not to stimulate recovery.
* The NRA was ruled unconstitutional in 1935. The court cited 2 reasons:
  + The law gave the president regulatory powers that constitutionally belonged to Congress
  + The NRA regulated commerce within states, violating the constitutional provision limiting federal regulation to interstate commerce.
* The AAA fared better, but it was controversial also.
* Farm prices rose as production declined. Farm income increased by 50%.
* But it did not help laborers or migrant workers, its crop reduction payments actually hurt southern tenants and sharecroppers when cotton growers removed acreage from production, banked the subsidy checks, and evicted the sharecroppers.
* Some wanted total agricultural income to rise; some were just concerned about the poorest farmers.
* FDR backed the first, but the latter was gaining influence.
* Their cause was strengthened, as the DUST BOWL hit in 1930.Dust clouds were present from 1934-1939. The worst year was 1937, with the dust storms centered in KS, OK, TX, CO, and NM.
* Many abandoned their homes and farms. Nearly 3.5 million people left the Great Plains in the 1930s. They bore the nickname “Okies” and many headed west.
* The plight of dust bowl migrants further complicated New Deal agricultural planning.
* Rivalries and policy differences also plagued the New Deal relief program. As unemployment continued, Harry Hopkins convinced Roosevelt to support direct federal relief programs, rather than channeling funds through state and local agencies.
* CIVIL WORKS ADMINISTRATION (CWA) – temporary public works agency. It expended almost a billion dollars on short-term work projects for the jobless. When warm weather returned he abolished it.
* Hopkins thought if people were put to work it would get money circulating. His approach was more influential in shaping public policy.

*1934-1935: Challenges from Right and Left*

* Conservatives attacked the New Deal as socialistic.
* In 1934 several business leaders, joined by Al Smith, formed the ANTI-NEW DEAL AMERICAN LIBERTY LEAGUE.
* The country had not recovered to a level that was acceptable for most people.
* But, the New Deal remained popular.
* FDR’s mastery of the radio and public speaking made him likable.
* People on the left, criticized the New Deal for not going far enough. Socialists and communists ridiculed Roosevelt’s efforts to include big business in his “all-American team.”
* FDR’s wiliest rival was flamboyant HUEY LONG of LA. He built highways, schools, and public housing. He had a “Share our Wealth” program: a 100% tax on all incomes over $1 million and appropriation of all fortunes in excess of 5 million. With this he thought every family could have a comfortable income, a house, a car, old-age benefits, and free college tuition.
* Roosevelt was going strong in 1935 and began more legislative initiatives. The result was new social legislation that rivaled that of the Hundred Days.

THE NEW DEAL CHANGES COURSE, 1935-1936

* Roosevelt offered 6 initiatives for his new priorities: an expanded public-works program, assistance to the rural poor, support for organized labor, benefits for retired workers and other needy groups, tougher business regulation, and heavier taxes on the well-to-do.

### Expanding Federal Relief

* WORKS PROGRESS ADMINISTRAION (WPA) – It funneled assistance directly to individuals. It employed 8 mill., paid 1.1 bill. Into economy, constructed/improved roads, and built schools, hospitals, etc.
* IT also assisted writers, performers, and artists.
* The Federal Theatre Project employed actors.
* The PWA was also becoming more successful.
* With heavy spending came large federal deficits, it was at 4.4 bill. In 1936.
* According to British economist JOHN MAYNARD KEYES – governments should deliberately use DEFICIT SPENDING during depressions to fund public-works programs, thereby increasing purchasing power and stimulating recovery.
* The New Deal was not like this because all the dollars spent on relief and recovery programs were withdrawn from the economy through taxation or government borrowing, the stimulus effect was nil.
* FDR say deficits as an unwelcome necessity, not a positive good.

### Aiding Migrants, Supporting Unions, Regulating Business, Taxing the Wealthy

* The second phase of the New Deal was geared to the interests of workers, the poor, and the disadvantaged.
* The Second New Deal’s agricultural policy addressed sharecroppers and other poor farmers.
* The RESSTLEMENT ADMINISTRATION (1935) – made loans to help tenant farmers buy their own farms and to enable displaced sharecroppers, tenants, and dust-bowl migrants move to more productive areas.
* The RURAL ELECTRIFICATION ADMINISTRATION – made low-interest loans to utility companies and farmers’ cooperatives to extend electricity to the 90% of rural American that still lacked it.
* The agricultural =recovery program suffered a setback in Jan. 1936 when the Supreme Court declared the AAA unconstitutional. The processing tax that funded the AAA’s subsidies was an illegal use of the government’s tax power.
* To replace the AAA Congress passed a soil-conservation act that paid farmers to plant grasses and legumes instead of soil-depleting crops such as wheat and cotton (which also happened to be the major surplus commodities).
* In 1935 the Supreme Court ruled the NIRA, unconstitutional.
* The NATIONAL LABOR RELATIONS ACT of July 1935 guaranteed collective-bargaining rights, permitted closed shops (where all employees must join a union), and outlawed such tactics as blacklisting union organizers. The law created the NAITONAL LABOR RELATIONS BOARD (NLRB) to supervise shop elections and deal with labor-law violations. The Wagner Act as it was called, stimulated a wave of unionization.
* The Second New Deal: the Banking Act strengthened the Federal Reserves’ control over the national banking system. The Public Utilities Holding Company targeted the sprawling public utility empires of the 1920s, restricted gas and electric companies to one geographic system.
* He also called for steeper taxes on the rich to combat the unjust concentration of wealth. Congress responded with the Wealth Tax Act that raised taxes on corporations and on the well to do to a maximum of 75% on incomes above $5 million.

### The Social Security Act of 1935; End of the Second New Deal

* It established a mix of federal-state system of workers’ pensions; unemployment insurance; survivors’ benefits for victims of industrial accidents; and aid for disabled persons and dependent mothers with children.
* Taxes paid partly by the worker and partly by the employer funded the pension and survivors’ benefit features.
* The initial act paid low benefits and bypassed farmers, domestic workers, and the self-employed. But it laid the groundwork for a vastly expanded welfare system in the future.
* As the New Deal evolved, it increasingly acted as a broker for all organized interest groups, including organized labor, not just corporate America.
* The New Deal vastly expanded the role of the federal government, as well as the power of the presidency.
* Americans began to expect presidents to offer, “programs”, address national issues, and shape the terms of public debate.
* This altered the balance of power between the White House and Congress.
* It redefined the scope of the executive branch and, more broadly still, the social role of the state.

### The 1936 Roosevelt Landslide and the New Democratic Coalition

* Roosevelt won convincingly and Congress became more Democratic – still controlling both houses.
* FDR retained and solidified traditional Democratic centers of strength.
* FDR reached out to 4 partially overlapping groups: farmers, union members, northern blacks, and women.
* On issues of racial justice the record was mixed at best.
* The NRA codes contained racially discriminatory clauses. Other programs tolerated racial bias. Lynchings increased. An anti-lynching measure passed the House, but the Senate held it up in a filibuster. FDR did little.
* He did address racial issues; he tried to rid his programs of discrimination.
* MARY MCLEOD BETHUNE – led the so-called black cabinet that linked the administration and black organizations.
* The Roosevelt Supreme Court that took shape after 1936 issued antidiscrimination rulings in cases involving housing, voting rights, wage inequity, and jury selection.
* Roosevelt also courted women voters.
* FDR appointed the first woman cabinet member but also the first woman ambassador and unprecedented numbers of female judges.

### The Environment, the West, and Indian Policy

* Soil conservation emerged as a major priority.
* They restricted the grazing on public lands.
* New Deal proponents also promoted the national park movement.
* The rise of energy consumption fed an ideology of boundless consumption. New Deal dams disrupted fragile ecosystems and adversely affected local residents, particularly Native American communities that depended on them for their livelihood.
* However, they did do good things for the environment as well.
* The West became more populated because people were moving there to find work.
* 1924, Indians had been granted full citizenship but this did little to improve their lot.
* AMERICAN INDIAN DEFENSE ASSOCIATION (1923) was founded by John Collier to preserve what he saw as the spiritual beauty and harmony of traditional Indian life. Gertrude Bonnin also pressed for reform.
* Collier constructed schools, hospitals, and irrigation systems on reservations, and to preserve sites of cultural importance.
* He drafted a bill to halt the sale of tribal land, restore the remaining unallocated lands to tribal control, create new reservations, and expand existing ones. It also envisioned tribal councils with broad governing powers and required Indian schools to teach Native American history and handicrafts.
* The INDIAN REORGANIZATION ACT OF 1934 was a compromise measure. It halted the sale of tribal lands and enabled tribes to regain title to unallocated lands. Congress scaled back his proposal for self-government and dropped calls for renewal of traditional culture.
* A majority of the tribes approved the law (which was required for it to go into affect).
* The restoration of tribes as legal entities laid the groundwork for later tribal business ventures as well as tribal lawsuits seeking to enforce long-violated treaty rights.

THE NEW DEAL’S END STAGE, 1937-1939

### FDR and the Supreme Court

* In Feb. 1937 FDR proposed a court-reform bill that would have allowed him to appoint an additional SC member for each justice over age seventy-five, up to six.
* Congressional and public reaction was harsh. It never passed.
* After some of the justices retired he was able to appoint 4 new judges (liberals).
* 9 members of the Supreme Court were not written, but it was customary and it was implied that you don’t mess with it.

*The Roosevelt Recession*

* The economy plunged in Aug. 1937.
* This short but severe “Roosevelt depression” resulted in part from federal policies that reduced consumer income. Social-security payroll taxes withdrew some $2 billion from circulation. Also, concerned about mounting deficits, FDR had seized on the signs of recovery to end or cut back the various New Deal relief programs.
* In April 1938 FDR was persuaded to authorize new relief spending. This helped.

### Final Measures; Growing Opposition

* FARM TENANCY ACT OF 1937 – crested the Farm Security Administration (FSA), it made low-interest loans enabling tenant farmers and sharecroppers to buy family-size farms. Although the FSA bypassed the poorest farmers, it did lend more than $1 billion through 1941, easing the plight of many rural folk battered by hard times.
* They operated camps offering clean, sanitary shelter and medical services to migrant workers, it also commissioned some of the nation’s most gifted photographers to record the lives of tenants, migrants, and up-rooted dust-bowl families. It made it realistic.
* Other measures set important precedents for the future. $500 million was given for urban slum clearance and public housing, projects that would loom large in the 1950s. It also banned child labor and set a minimum wage (.40), and a maximum workweek of forty hours.
* Despite many loopholes, the law-improved conditions for some of the nation’s most exploited workers, and underscored the government’s role in regulating abuses by employers.
* The AAA set up new procedures for limiting production of certain commodities. It also created a way by which the government would make loans to farmers and warehouse their surplus crops. This complicated system set the basic framework of federal agricultural policy for decade to come.
* The New Deal’s pace slowed after 1935.
* Focusing on foreign affairs in his Jan. 1939 State of the Union address, FDR proposed no new domestic measures and merely noted the need to “preserve our reforms”.
* The New Deal was over.

SOCIAL CHANGE AND SOCIAL ACTION IN THE 1930S

### The Depression’s Psychological and Social Impact

* Despite the New Deal, unemployment never fell below 14% in the 1930s, and for much of the decade it was higher.
* “Unemployment shock” – jobless persons walking the streets and then laying awake worrying.
* Some people went to great lengths to maintain appearances. Habits of scrimping and saving survived into more affluent times.
* Women also had a hard time keeping or maintain their wages and jobs.
* Married women were urged to let men take their jobs. Some women were even fired if they were married.
* Women also suffered from wage discrimination.
* Despite the roadblocks, women working in the 1930s rose from 12% to nearly 16%. The crisis may actually have accelerated the long-term movement of women into the workplace as married women took jobs to augment the family income.
* In homes with a tradition of strong male authority, the husband’s loss of a job and consequent erosion of self-esteem often had a devastating psychological impact.
* Divorce rates increased and reached a then all-time high by 1940.
* High school enrollment went up because there were no jobs, marriage rate declined because it was too expensive.
* It was a time that encouraged cooperation, savoring simple pleasures, and sharing scant resources.
* For the neediest families, among them blacks, Hispanics, and southern sharecroppers, the depression imposed added misery on poverty-stricken lives.

### Industrial Workers Unionize

* The Wagner Act of 1935 guaranteed labor’s right to bargain collectively, tremors of activism shook the AFL.
* COMMITTEE FOR INDUSTRIAL ORGANIZATION (CIO) – John Lewis and Sidney Hillman started this group within the AFL. CIO unions welcomed all workers in a particular industry, regardless of race, gender, or degree of skill.
* In 1937 the CIO worked out a settlement with the US Steel. They recognized the steel workers’ union, granted a wage increase, and accepted a 40-hour workweek. Other big steel companies followed suit and soon 400,000 workers had signed union cards.
* In Dec. 1936 employees at GM’s 2 body plants in Flint stopped work and peacefully occupied the factory, carefully protecting the equipment and the cars on the assembly lines. The “sit-down” strike paralyzed GM’s production.
* Women workers picketed on the outside of the building.
* GM’s management responded by calling in local police to harass the sit-down strikers, sending spies to union meetings, and threatening to fire strikers.
* This led to the formation of the Women’s Emergency Brigade, on 24 hour alert for picket duty.
* GM asked the governor and FDR to send in troops, both refused.
* On Feb. 11 GM signed a contract recognizing the UNITED AUTOMOBILE WORKERS (UAW). They also gained 400,000 members.
* Unionization of the electrical and rubber industries moved forward as well.
* Not until 1941 did Henry Ford yield to the union’s pressure.
* The Republic Steel Company called in police to stop one of their strikes. 4 were killed and many others were wounded.
* Another holdout was the textile industry – they remained unorganized.
* Also left behind by this unionizing wave was a large pool of low-paid workers – domestics, agricultural laborers, department store clerks, and restaurant and laundry workers.
* Nevertheless, the unionization of key sectors of America’s industrial work force ranks as one of the decade’s most memorable developments.
* Labor’s successes came from strong leaders and militant tactical skills. However, it also reflected a changed government climate. Increasingly, key state officials and the Roosevelt administration refused to intervene on the side of management.
* Most rank and file factory workers had no desire to overthrow the capitalist system. But once the CIO’s militant minority showed that picket lines and sit-down strikes could win union contracts and tangible gains, workers signed up by the thousands. As they did, organizers lost influence, and the unions became more conservative.

# Blacks and Hispanic Americans Resist Racism and Exploitation

* Black migration to the north continues, but at a slower rate
* Rural and urban life was hard. Workplace racism remained a fact of life.
* Lynching and miscarriage of justice continued.
* “SCOTTSBORO BOYS” =- 8 black young men were accused of rape and were sentenced to die. The SC ordered a new trial because they had been denied legal counsel and blacks had been excluded from the jury. Five were found guilty again, but were sentenced to long prison terms.
* The NAACP battled in courts and legislatures against lynching, segregation, and the denial of voting rights.
* The Urban League campaigned against businesses in black neighborhoods that employed only whites.
* California continued its efforts to prevent Japanese-Americans from owning land.
* In 1934 Congress set an annual quota of fifty for immigrants from the newly created commonwealth of the Philippines.
* Hispanic Americans faced trying times as well.
* As the depression deepened, Mexican-born residents endured rising hostilities. By 1937 more than half of Arizona’s cotton workers were out of staters who supplanted Mexican-born laborers. They poured into the Mexican neighborhoods of Southwestern cities.
* Lacking work, 500,000 Mexicans returned to Mexico in the 1930s. Many did so voluntarily, others were sent back.
* Mexican-American farm workers who remained endured appalling conditions and near-starvation wages. A wave of protests and strikes swept California – even boycotts on agricultural goods.
* They were able to gain a few hard fought victories for higher wages.

THE AMERICAN CULTURAL SCENE IN THE 1930S

# Avenues of Escape: Radio and the Movies

* Radios had network news, musical programs, comedy shows, and soap operas.
* Movies were also popular.
* A few movies dealt realistically with the problems of the day.
* Warner Brothers studio made a series of movies in 1934-36 celebrating the New Deal.
* The gangster movies of the early 1930s became popular; they were based off of real life gangsters like Capone.
* Hollywood offered an escape from the depression.
* The movies dealt with African Americans largely with stereotypes.
* Women were starting to be portrayed as more independent.

# The Later 1930s: Opposing Fascism; Reaffirming Traditional Values

* As the 1930s drew to a close, many Americans viewed the nation with a newly appreciative eye. It had survived the economic crisis, the social fabric remained whole, and revolution had not come. Democracy endured.
* POPULAR FRONT – In 1935 Joseph Stalin, fearing attack by Nazi Germany, called for a worldwide alliance, or Popular Front against Adolf Hitler and Benito Mussolini.
* The high-water mark of the Popular Front came during the Spanish Civil War of 1936-39, when fascist general Francisco Franco launched revolt against Spain’s legally elected government.
* The Popular Front collapsed in Aug. 1939 when the USSR and Germany signed a non-aggression pact and divided Poland between them.
* The Popular Front helped shape US culture and alerted Americans to threatening developments abroad.
* Jazz surged in popularity thanks to swing dancing.
* The later 30s also saw a heightened interest in regional literature, painting, and folk art.
* The surge of cultural nationalism heightened interest in the nation’s past.

# Streamlining and a World’s Fair: Corporate American’s Utopian Vision

* The visual cultural of late 1930s America was also shaped by a design style called streamlining. A group of industrial designers introduced round edges and smoothly flowing curves into the design of commercial products
* The 1939 World’s Fair in NY represented the height of streamlining. The fair epitomized corporate capitalism’s version of the patriotism and hopefulness that pervaded American culture as the 1930s ended.
* By October 1938 radio news bulletins warned of impending war between Germany and England.

CONCLUSION

* Economists trace the Great Depression to weaknesses in the US and world economies.
* They ranged from low farm prices and uneven distribution of income to trade barriers, a glut of consumer goods, and problems in the money supply.
* The depression hit all facets of life. And all kinds of people.
* For residents of the TN Valley they got hydroelectric power.
* For Native Americans the got legislation restoring the legal status of tribes, laying the groundwork for economic revitalization and treaty claims in the future.
* Mexican farm laborers, these years brought the threat of deportation and strikes for better wages and working conditions.
* Women faced pressure to stay out of the workplace, so that men could find jobs.
* The New Deal wasn’t always successful. Full employment did not happen until 1943 when war plants boomed. It only slightly addressed the issues of racism.
* The “Second New Deal” addressed the plight of the poorest Americans, pursued tougher business regulations and higher taxes for the wealthy, and championed fundamental and long-lasting reforms like Social Security, laying the groundwork of the welfare state.
* Wagner Act - guaranteeing workers rights to unionize.
* The New Deal radically redefined the nation’s political agenda, the role of the federal government, and the nature of the presidency.
* Most would agree the FDR’s strengths outweighed his liabilities. He used an open, experimental approach that served the nation well in a time of crisis.