Guided Notes: The Roaring 20’s and The Great Depression

**After the War:**

**America’s economy was struggling to change from a wartime economy to a peace time economy.** Many Americans found themselves out of work. They blamed Woodrow Wilson, they blamed Europe, and they blamed everything associated with the War. America needed a change, so they elected **Warren G. Harding** as their next president. He promised a return to **normalcy**. He promoted a **tariff** on imported goods that allowed American companies to prosper**. Income tax rates** also dropped sharply from wartime rates, so Americans were able to keep more of their money.

**Prosperity:**

In urban areas**, electric power** was spreading, along with modern conveniences. Competition between Ford and GM, as well as the development of the **assembly line**, made cars more attractive and accessible to the American people. Productivity of goods increased markedly. The 1920’s also marked the birth of the commercial airline industry. The post office used airmail, farmers used crop dusters, and old war pilots became flight instructors. People wanted more goods and started buying them on **credit** through monthly **installments.**

Labor saving appliances like the vacuum also increased efficiency, so people increasingly spent their time engaging in **leisure time activities,** such as going to the movies, sporting events, or simply listening to the radio.

**Problems:**

Harding’s industries protected by tariffs **regained monopoly control** in their industry. Prices in these industries rose sharply. On the flipside, more food was produced than was needed, so the **surplus** caused food prices to go down. Perhaps the most concerning, **government policies favored corporate interest over social progress.**

The **income gap** between the rich and the bulk of society reached its widest point to date. Almost half of Americans lived in **poverty**.

Furthermore, Harding hired **unqualified** people to help him. The **Teapot Dome Scandal** surrounded his Secretary of the Interior: Albert Fall. Oil execs convinced him to grant them access to government land, which was not legal. Fall was the first cabinet member to serve prison time for a crime committed in office.

It is widely believed that scandals like this took their toll on Harding, who died suddenly in August of 1923. Vice President Calvin Coolidge took over, and moved quickly to clean up the mess.

Coolidge, like Harding, was pro-business. He agreed with the theory of **laissez-faire economics**, meaning that market needed to be left to its own devices, and would self correct for the best outcome for all. Furthermore, Coolidge did not believe that it was the **government’s job to address social and economic problems.** When bills to of that nature came to his desk, he **vetoed** them.

**Culture of the 1920’s:**

Whether it was known as the **Roaring Twenties** or the **Jazz Age,** the 1920’s were a time to celebrate the new and the modern. **Jazz music** was highly popular, and captured the carefree spirit of the time. Although women were limited in some career choices, they still had more freedom than ever before. They drove cars, played sports, and went to college. Increased freedom led to changed views on marriage, voting in elections, and even two women governors.

**Mass media,** communications capable of reaching several people at once, gained great importance in the 1920’s. **Movies** captivated the masses with the glamour of Hollywood, and also promoted popular culture. Radios became common in homes and **listening to the radio** became a national past time.

The Controversy over religion and science in schools began in the 1920’s. Religious **fundamentalists,** who believe every word of the bible to be true, **objected to schools teaching evolution.** Through legal channels, they actually succeeded in making it illegal to teach evolution in three states. **John Scopes** broke this rule in Tennessee and taught evolution. His trial was big news. He was found guilty, but the State Supreme Court overturned his verdict. This controversy still continues to this day.

**Prohibition** is also in full swing at this time. While it was intended to improve the moral fortitude of the nation, it actually had the opposite effect. Bootleggers ran unchecked, organized crime took over major cities, and the government was unable to manage the underground movement. Prohibition was considered a failure, and repealed in 1933.

The **Great Migration** saw thousands of African Americans moving north in the years before and during WWI. Better jobs and lifestyle were attractive to them. However, with the war over, there was still **discrimination in securing housing and jobs**. Raising tension between white folks and black folks led to several **race riots** in 1919. There was also a resurgence of the KKK, and race relations took a step backward.

To push back against racism, M**arcus Garvey** founded the Universal Negro Improvement Association, or **UNIA**. His goal was to not only spread black pride, but to have several African Americans **unite and establish their own nation in Africa,** and live successfully in the country of their forefathers. While few actually migrated, it brought several African Americans together for a cause. The **NAACP** was also active in helping African Americans fight against discrimination. They worked tirelessly to end segregation; however, their efforts were not matched by Congress.

New York City became the unofficial capital of Black America. **Harlem**, a neighborhood on New York’s west side, housed the world’s largest black urban community. By the 1920’s, it became a center for African American culture. Harlem was home to writers, musicians, singers, painters, sculptors, and scholars. Among Harlem’s residents were poets like **Langston Hughes** and **Zora Neal Hurston.**

Jazz made its way to the nightclubs of Harlem. Musicians like **Duke Ellington** and L**ouis Armstrong** were favorites, along with singer **Bessie Smith.** The burst of culture that came forth from African Americans in the 1920’s and 30’s is known as the **Harlem Renaissance.**

Many, however, were disenchanted with the direction in which society was heading. The Progressive Era reforms were thwarted by the war, leaving many to question America’s values. Those filled with resentment and little hope were known as the **lost generation**. Books such as Ernest Hemingway’s *“A farewell to Arms*” and F. Scott Fitzgerald’s ***“The Great Gatsby”*** highlight the despair of the lost generation.

**A Myth of Prosperity**

While the 1920’s was associated with prosperity, there were underlying problems that many failed to recognize. Many basic industries such as the **railroads, textile mills, and mining** were in serious trouble. While they had **improved efficiency** and were producing more goods, middle class incomes had not risen, so **no one could afford to purchase these goods**. Many items went unsold and piled up in warehouses. This becomes a problem because if businesses can’t sell their products, then they can’t buy materials and equipment, nor can they pay their employees’ salaries.

Farmers also suffered because of greater efficiency. Advances in machinery and irrigation methods led to them producing more crops than they could sell. The **increased supply caused lower food prices** and high levels of debt for farmers.

Ultimately, the wealth associated with the 1920’s was largely **a myth**. While the wealthiest of people could afford the latest fads such as fancy cars and modern appliances, many people were barely getting by, had no savings, and were buying goods on credit. African Americans especially were having a hard time finding work. The stock market further masked the true financial crisis, and **investors often made risky deals** in hope of making fast money. This process is known as **speculation**. However, if the deals didn’t pan out, investors would not be able to pay for the stocks they bought. This made the risk of bankruptcy very high.

**The Great Depression**

In October of 1929, the illusion of wealth came to an end. On October 23, stock prices fell sharply, after a period of decline. On October 24, several **people panic**, and **start selling their stocks** to avoid going bankrupt. They also **make a run on banks**, taking out any and all savings. On **October 29, the stock market crashed** entirely, with prices plummeting by more than **75%**. Many investors saw their fortunes dwindle down to nothing in less than a week, and ordinary citizens lost their life savings in a matter of hours. October 29 came to be known in history as “**black Tuesday**.” The crash was only the beginning of the economic depression. Within the next five months, **several banks had to close** because they had literally run out of money. Since **people had no money, they couldn’t afford to buy goods and services**. Many businesses laid off workers, so unemployment skyrocketed.

While Americans had experienced depressions before, the **Great Depression was the worst economic crisis** in the nation’s history. Since many **European nations borrowed money** from America after WWI, when the American economy collapsed, theirs did as well. The **duration** of the depression was also intense. The economy struggled **from 1929 until America entered WWII in 1941**. Millions of people were homeless, starving, and out of work.

Many Americans looked to President **Herbert Hoover** for help. However, Hoover didn’t want to increase the government’s role in the in the economy. **He didn’t believe that the government should bail out the nation or help the needy**. While he encouraged **charitable giving** from churches, and persuaded business owners to **voluntarily not lower their wages**, his lack of definitive action caused many people to blame him for the depression.

By 1932, with no change in the economy, Hoover decided that the government may need to become involved. He supported the creation of the **Reconstruction Finance Corporation**, which would give loans to banks and railroads. He also supported **public works projects,** which are government funded construction projects that create jobs and address community needs. Hoover was highly involved in the building of the **Hoover Dam**, but his efforts could not shake his reputation as a “**do-nothing**” president.

**The New Deal**

In 1932, American’s elected **Franklin Delano Roosevelt** as President. FDR created a comprehensive program to combat the depression known as **the New Deal**. The New Deal focused on **reform, relief, and recovery** in America. First, Roosevelt declares a bank holiday, or a **temporary shutdown of all banks**. Only those in good financial shape would be allowed to reopen. Secondly, Roosevelt communicated directly with the public through **fireside chats**: a series of **radio** **talks where he explained his policy** in a casual manner. His new deal also created organizations like the **Tennessee Valley Authority (TVA,)** which built **hydroelectric dams** in poor areas of the nation, providing them with **cheap electricity**. To further ensure confidence, he also created the **FDIC, which protected money of depositors in insured banks**. Roosevelt was not without his critics, but for the most part, Americans were supportive of his policies.

Encouraged by their support, Roosevelt created the **Second New Deal**, this time focusing on **social reform.** One of the most important pieces of legislation to come from this is the **Social Security Act,** which addresses the issues of **unemployment and retirement**. A working person would pay a small portion of their earnings to the treasury, an employer would match that contribution, and when that worker reached retirement age, they would get a monthly payment from the treasury. Social Security also helped the **disabled, low income families, and temporarily helped unemployed people while they were looking for work**.

While the general public overwhelmingly voted to re-elect FDR in 1936, businesses and critics felt that the government was **gaining too much power** at their expense. The **Supreme Court** agreed, and using the power of **Judicial Review**, started striking down laws that they felt gave the government too much power. This threatened to destroy the new deal. Roosevelt asked Congress to write and pass a bill allowing him to **add six justices to the Supreme Court**. He would then appoint justices who were friendly to his policies. Congress said that his court packing bill interfered with checks and balances and voted against the bill. Due to death and retirements, Roosevelt did get to appoint Supreme Court Justices, but his attempt to stack the deck was a black mark on his reputation.

In 1937, Roosevelt had further troubles when he made a grave miscalculation. FDR had doubts about **deficit spending,** which is using borrowed money to fund government programs. So, **he cut back** on the New Deal Programs in order to reduce the deficit, thinking **the nation sufficiently recovered**. **He was horribly wrong.** The economy once again hit a **downward spiral.**

**Effects of the Great Depression**

**Farmers** were particularly hard hit, not only because of dropping crop prices, but because of **extensive drought and damaged soil** from over-farming. Winds picked up the loose dry soil, creating massive **dust storms**. These dust storms killed livestock and damaged several farms within a 150,000 mile region known as the **Dust Bowl.** Many whose farms were ruined, packed their belongings and headed west, looking for work.

Farmers weren’t the only ones suffering. **Unemployment was near 25%,** and without a job several people turned to **bread lines** for food. New York’s bread lines served approximately **85,000** meals a day. Not only was it hard to pay for food, shelter was hard to come by**. Many people lost their homes**, and sought shelter under bridges and overpasses. Some made shacks of orange crates.

**Women** had a hard time working during the depression. They were often **under pressure to give up their jobs to jobless men**. **Men were struggling** with a loss of status, and the realization that they are **no longer adequate providers** for their family**. Kids had to grow up quickly**. Many boys dropped out of school to try and work to help out the family. Girls would help out at home, especially if Mom was able to find work somewhere. Teens who couldn’t find jobs often ran away so that they wouldn’t be a burden on their families. They lived in shanty towns along the railroads, and did what they could to survive.

Culturally, there was an emphasis on creation. The **Works Progress Administration (WPA)** helped give jobs to struggling **writers**, so many great works of literature were created. This was also the golden age of Hollywood, and many classic **movies and musicals** were made. If people could spare the change to go to a movie, they would definitely do so. **Radios** were also quite popular. News, Fireside Chats, and Comedy shows all came from one source of entertainment. Still others turned to **marathon dancing** for entertainment.

**Eleanor Roosevelt** played a strong role as a first lady. She often traveled for her husband to see how well the New Deal programs were working, and would report back to him upon her return. She also **encouraged the involvement of women** in the administration and in her press conferences. The president supported her efforts, and also made his own to try and involve minorities, even having an **African-American set of advisors known as his black cabinet**.

Finally, there was a growth in unions. The **American Federation of Labor (AFL),** joined forces with the **Congress of Industrial Organizations (CIO)** and labor laws allowed for greater negotiating power for unions. To improve working conditions, union members would often hold **sit-down strikes.** Instead of walking off the jobsite so the company could hire new workers, they would sit in place, non-functional.

**The Legacy of the New Deal**

Ultimately, there was a paradigm shift in our nation. In the past, we looked to local and state government for help. **Now we looked to the federal government to aid in social reform**. Roosevelt expanded his role as president, **often proposing laws for congress to consider**, rather than waiting for them to act. His programs expanded the bureaucratic role of the government. A few of FDR’s programs are still working pieces of our government today. **Social Security** still provides retirement services, and helps the disabled and temporarily unemployed. **The FDIC** continues to insure bank deposits, and the **Securities and Exchange Commission (SEC)** monitors the stock market to ensure fair trading.