

# Revision Session

## The USA 1919-41

After the end of WWI the USA had become the world's greatest industrial, economic and military power. However it did feel that it had done its job, and moved towards the idea that the affairs of Europe were Europe's problem, and the USA made a vow not to get involved in Europe anymore. This concept was called isolationism. President Wilson was very enthusiastic about the affairs of Europe, but unfortunately he was old and ill and no longer had the support of the US congress (parliament) to carry through his 14 points for world peace. This was confirmed later when the Republican controlled congress rejected the terms of the Treaty of Versailles and with that Wilson's fourteen points and his plans for US involvement in the League of Nations.

American economic policy was closely geared to isolationism. The Fordney-McCumber tariff was placed on foreign imports which in basic terms made them more expensive than American goods, hence protecting the American economy. This was good in times of boom, but in times of depression it was beneficial to open important foreign trade connections to bring the economy back out of depression. The flow of immigrants also was to be restricted. The 1921 Immigration Quota acted greatly in favour of white northern Europeans and less generous to darker southern Europeans and non whites. The quota allowed only 3% of the total amount of people living in the country already to enter with the exception of blacks. The quota was later reduced to 2%. Immigrants were also highly distrusted due partly to the Red Scare of the 1920s, and in legal terms were treated rather unfairly such as in the Sacco and Vanzetti case.

The USA in the 1920s was a time of boom (economic prosperity). This was mainly down to 5 factors. Mass production made expensive items such as motorcars, radios, and fridges much cheaper and this made it easier for ordinary Americans to buy these items. This gave people more jobs, wages and prosperity. Mass production made very complex jobs such as building motorcars much easier and efficient, because the people who assemble the cars were only responsible for a very small part of the process; therefore they were less skilled and therefore were paid less wages. This saving was passed on to the consumer. It also made the worker more efficient because they were doing the same job again and again. The pioneer of mass production was Henry Ford of the Ford Motor Company of Detroit. From 1911 to 1920 the cost of a Ford Model T dropped from \$1200 to \$295. The second factor was that (the cycle of) prosperity created demand for consumer goods, which in turn increased production, which in turn increased employment, which gave people more money to spend, which then leads back to the beginning with an increased demand for consumer goods. The third factor was the lack of government interference. The US government followed a policy of low taxes, and a *laissez-faire* (leave alone) attitude towards US industry. The fourth factor was the introduction of credit facilities. People could go to the store and walk out with the item on credit, and pay for it in instalments. This made it much easier to keep up with the Jones'. The fifth factor was the mood of confidence that the boom would continue. People were so confident that they bought lots of shares in companies because they knew that they could go back weeks or months later and make money. However a lot of people bought 'on the margin'. This meant that they took loans and re-mortgaged their houses (rather than just using their savings) to do this. They would come into difficulty if the market crashed

However there were many Americans who did simply not share in the prosperity of the 1920s. Farmers found that they were actually producing too much so were unable to sell their crops. Therefore prices fell which meant that they didn't have enough money to pay their mortgages and many were evicted from their land. Also black people and other immigrants did not benefit. These were generally low skilled workers and they weren't able to demand the high wages that many skilled whites could.

There were other social influences upon the 1920s. The KKK' (Ku Klux Klan) membership was expanded enormously. They believed that only WASPs (White Anglo Saxon Protestants) were true Americans, and condemned immigrants from southern Europe and blacks as not being proper Americans. The membership increased 50 fold between 1920 to 1925. Many states in the south were sympathetic towards the Klan and some Klansmen got away with very serious crimes. Prohibition (the ban on drinking alcohol) also had a profound effect upon the 1920s USA. Some organisations like the Women's Christian Temperance Union and the Anti-Saloon League felt that drinking alcohol was wrong and caused a great deal of troubles for American people. Between 1917 and 1920 the ban became national. But it did not stop here. Many Americans began making illegal alcohol called 'moonshine' which was often poor quality and could cause blindness or even death. But criminals went a step further and introduced illegal drinking clubs called 'speakeasies' which were often located in the basements of buildings, where people could come and drink Canadian whisky and rum from the West Indies and socialise. They bootlegged alcohol in from foreign countries that didn't have an alcohol ban. There were 30,000 speakeasies in New York alone. Gangsters used prohibition to make lots of money. One particular example of this was Al Capone of Chicago who bribed and murdered his way to a vast personal fortune. Prohibitions ultimately failed though because most Americans did not agree with the ban and

the police were too easy to bribe. So President Roosevelt repealed the prohibition act in December 1933.

Entertainment also took off hugely in the 1920s. The 1920s was the age of great Jazz singers like Duke Ellington and Louis Armstrong, which were made further popular in the speakeasies. The growth of radio meant that people were listening to Jazz and by 1929 10m homes had a radio. New fashions boomed. Women became flappers and did dances like the Charleston. There was also an explosion in the types of entertainment such as sport and the cinema. Film stars were universally recognisable, although with the introduction of 'talkies' (films with sound) in 1927, destroyed the careers of some actors like Rudolf Valentino, who sounded nowhere near as good as he looked.

However by 1929 the USA was feeling the strain of the booming economy of the 1920s, and in 1929 the USA began to fall into depression. This was mainly down to four factors. Overproduction meant that there were too many consumer goods out there, so demand for them fell along with jobs. The unequal distribution of wealth meant that many Americans were simply not sharing in the prosperity of the 1920s to the extent they should have done. Many American families lived on under \$2000 a year. Some like blacks and immigrants did not share in the prosperity at all. The Fordney-McCumber tariff meant that when depression came there were no European takers for overproduced US goods. The confidence of the financial speculation of the 1920s also began to come to an end. People began to sell the shares that they had bought. This created a glut (excess) in the market. Therefore prices fell. This culminated in Black Thursday, 24<sup>th</sup> October 1929, when the US stock market crashed. This eventually resulted in a US economic depression. This later led to world depression.

Therefore the lives of Americans, in the 'hungry' 1930s started to change. A number of problems began to affect the USA. Unemployment became a huge problem. By 1933 nearly a quarter of the workforce was unemployed- 14m people, especially in the industrial cities of the north. Many people became hobos (wandering tramps). As a consequence of unemployment many people also became homeless. People who had borrowed on the margin to buy shares lost out in 1929 and their homes were repossessed. In 1932 250,000 people lost their homes. Some people ended up on the street and park benches. Others created shanty towns which were nicknamed 'Hooverilles' after the president at the time Herbert Hoover. Although some people were helped by charities such as the Salvation Army this was only temporary halt to the suffering of many Americans.

The life for farmers was particularly bad. Unemployment in the town meant there was less demand for farm produce. This meant that prices fell. It meant harvesting the crop became pointless and the farmers would not be able to make a profit. So lots of farmers went bankrupt and were evicted off their land. This was shown in famous feature film like Steinbeck's *Grapes of Wrath*. It especially hit Midwest states like Kansas and Oklahoma. This was exacerbated by the natural phenomenon of the 'dustbowl', where the goodness of the topsoil was blown away. This made it virtually impossible to farm in these conditions. Hence there was mass migration across the country especially to richer states like California where there were low paid farming jobs available.

The Republican government of Herbert Hoover did little to alleviate the problems of the depression. His government's policy was underpinned by a number of American principles. He believed in the concept of self-reliance and 'rugged individualism'. His policy of *laissez-faire* worked well in times of boom when government intervention was

unnecessary and some ways counter-productive. But in times of bust government intervention was beneficial to help a country to get out of the depression and into times of economic prosperity. There were some small attempts at government intervention and substantial money was provided for government funded building projects. In 1932 an Emergency Relief Act gave \$300m to help unemployed people. Also in 1932 the Reconstruction Finance Corporation gave \$1500m to help business recover from the depression. But it wasn't enough to bring America out of the depression. Presidential Democrat candidate Franklin Roosevelt promised 'a New Deal for the American people' for the 1932 election.

Roosevelt swept to victory in the November 1932 election winning 42 of out of 48 states. It was hoped that the cycle of depression described earlier would be converted into a cycle of recovery, whereby the influx of money from the Alphabet Agencies would create more jobs, which means that's people have more money to spend on goods, which results in a greater demand, which results in increased production, leading to more and more jobs being created. During Roosevelt's first 100 days he launched the Alphabet Agencies- his main policy to bring the USA out of depression with massive building projects and other initiatives. He talked to the nation in his fireside chats, which boosted confidence and made people feel reassured that the USA was heading in the right direction.

Many people had lost confidence in the Banking System when many had lost their savings after Black Thursday. Roosevelt attempted to restore stability and confidence with the Emergency Banking Act of March 1933. Banks were closed, inspected and reopened.

Here is a brief explanation of some of the **AAs**.

**AAA**-helped farmers by paying them to produce less food

**FERA**-Provided relief for the hungry and homeless in 1933

**CWA**- Created jobs on public work schemes 1933-4

**PWA**- Created jobs in public work schemes, including construction

**WPA**-Created jobs in public work schemes including community schemes

**NRA**- Introduced codes of fair competition for industry and business

**CCC**- Provided jobs for unemployed young men in the countryside

**TVA**- brought improprness to states in the Tennessee Valley

**HOLC**- helped people in difficulties to repay their mortgages

There is some debate as to how successful the New Deal really was. In 1936 Roosevelt won the presidential election again by an even greater margin of 46 out of 48 states. Although some Americans felt that the New Deal was contrary to the American principles of 'rugged individualism' and self reliance. Some said that the New Deal damaged the independence of individual US states to rule themselves rather than the direction of the US federal government in Washington D.C.

Some Americans like the Louisiana senator Hughie Long felt that there was not enough being done to distribute wealth fairly and launched a campaign for wealth to be redistributed away from very rich Americans. HE felt that every American family should have at least \$4000-\$5000 to live on.

The Supreme Court (highest court in the land) at times stood in the way of Roosevelt reforms. It claimed some of the reforms of Roosevelt were unconstitutional, and against the list of written rules that gave Americans various undeniable rights. This happened in the

case of the NRA (concerned worker's rights) and the AAA (concerned with agriculture).

When Roosevelt became president in 1932 unemployment continued to rise to 14m. By 1937 it had fallen to around 8m. It actually began to rise again after 1937. After 1937 though Roosevelt began to slow the pace of the New Deal.

Some people benefited from the New Deal less than others especially blacks and immigrants. Some farmers in the dust bowl areas were even worse off than before. But undeniably the Second World War contributed massively to bringing the USA out of depression. War created vast industrial demand for weapons, machines and food which stimulated the economy and reduced unemployment, and in turn introduced the cycle of recovery. Also, the federal government's intervention in American affairs, despite the charge that many of these were against the American way, produced many positive effects. The unemployed, homeless, old and poor were now far better looked after than they had been before.