

A New Era – The 1920's

Economics of the 1920's

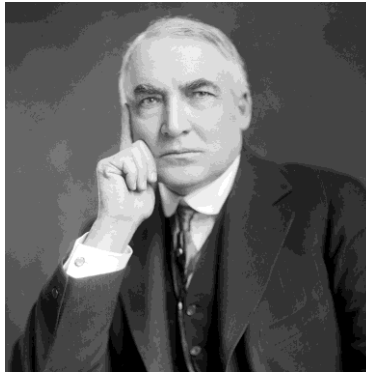
1921 – a brief, post-war recession

1922 to 1928 – business prosperity

October 1929 – Stock Market Crash

The 1920's saw three Republican Presidents, all of whom benefitted from a solid Republican Congress. It was a time when big business boomed but farmers and labor unions struggled.

Warren G. Harding won the 1920 Election even though people were unclear where he stood on anything. His opponent was the Democrat, Ohio Governor James Cox, a candidate who voted to adopt the League of Nations. Harding won by a landslide and promised the American people "a return to normalcy."



Harding recognized his limitations as a leader so he compensated by appointing able men to key cabinet positions:

Secretary of State – ex Supreme Court Chief Justice Charles Evans Hughes

Secretary of Commerce – Herbert Hoover

Secretary of the Treasury – Andrew Mellon

Chief Justice of the Supreme Court – ex President William Howard Taft

Notable items during the Harding Presidency:

- The pardoning of Eugene V. Debs
- Reduction of the Income Tax
- Increase in Tariff Rates (Fordney-McCumber Tariff Acts of 1922)
- Established Bureau of the Budget (one single budget sent to Congress)

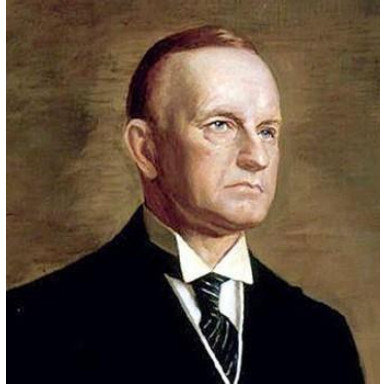
However, there were two major scandals that took place that were of national concern:

1. The **Teapot Dome Scandal**, named after Teapot Dome, Wyoming. The Secretary of the Interior, Albert B. Fall, was guilty of taking bribes for oil leases on the lands.
2. Attorney General Harry M. Dougherty took bribes in order not to prosecute certain suspects.

President Harding was not directly linked to these scandals as he died in 1923 and these matters were not further prosecuted.

The **Election of 1924** saw **Calvin Coolidge** (Rep.) who was seen as a man of a few words; hence nicknames “**Silent Cal**” compete against a lawyer from West Virginia, John W. Davis who tried to make a major issue in his campaign of the Teapot Dome scandal. There was also a Third-Party in this election, the **New Progressive Party**. It was headed by **Robert La Follette**, who was unhappy with the conservative dominance in both the Republican and Democratic parties.

Coolidge won easily but Follette received nearly 5 million votes, mostly from farmers and laborers.



President Coolidge opted for a **limited government**, his main concern being the federal budget. In order to balance the budget, he cut spending to the bare bones. He refused to grant bonuses for World War I veterans. However, contrary to his political platform, he passed the **McNary-Hougen Bill** in 1921, raising prices of farm goods. The plan was for the government to buy wheat and then store it and export it below cost.

Coolidge declined to run for a second term. The Republican Party nominated **Herbert Hoover**, a self-made millionaire with a spotless reputation as their candidate. Hoover was opposed by **Alfred E. Smith**, the ex-Governor of New York (a Roman Catholic who opposed Prohibition).

Herbert Hoover won by a landslide as most of his votes came from the Protestant population, whereas Smith’s votes were mostly from urban immigrants and the Catholic minority. Hoover’s landslide victory now extended the “Coolidge Prosperity.”

Good Times during the Prosperity

- Unemployment dropped below 4%
- The Standard of Living greatly improved
- Indoor plumbing and central heating were now commonplace
- By 1930, two-thirds of American homes had electricity
- Real income for the middle and working classes increased

What is **not** shown above is that during the 1920’s, as many as 40% of the families living in rural and urban areas were still in the poverty range, bringing home less than \$1500 each year.

Business Prosperity

- 1919 to 1929 saw an increase of over 60% in manufacturing output
- Frederick W. Taylor and his “**Time and Motion Studies**” improved output
- Henry Ford created the mass-production assembly line
- Oil was now used to power factories instead of coal
- Corporate tax cuts were the norm
- There was little or no enforcement of anti-trust laws

The agricultural industry saw the creation of new **chemical fertilizers** and **gasoline tractors** that created a greater increase in overall production. However, these inventions did not allow farmers to get out of debt. They still needed capital to buy these products and low crop prices did not create large profits.

Membership in unions declined by 20% as “**Open Shops**” were common in industry, where jobs were only for non-union workers. The system of **Welfare Capitalism** was installed in industry and offered higher wages and improved benefits to remove the need for union representation. Most union strikes had failed, especially those seen with the textile workers in South Carolina and the coal miners in Pennsylvania, West Virginia, and Kentucky.

Everyday Life During the 1920's

The era saw the emergence of **CONSUMERISM**

- Household appliances were invented as homes now had electricity
- The nation traveled by automobile due to mass production and affordability
- Advertising enticed buyers to spend heavily
- Chain Stores appeared everywhere, no longer was the local store needed
- A greater variety of products was now available due to modernization



In 1913 there were only 1.2 million automobiles registered. By 1929 it was 26.5 million, or nearly one per household. The automobile industry also expanded the steel, glass, rubber, and gasoline industries. To support this growth, the nation saw a major increase in the miles of new highway construction.



The first **radio stations** began in the 1920's and by 1930 over 800 stations were on the air, being picked up by over 10 million radios. By 1927, there were major networks of radio stations owned by companies such as NBC and CBS. The **Jazz Age** emerged, thanks to the radio and the phonograph player.

In Hollywood, the **movie industry** boomed. Going to the movies was a national habit, thanks to the new sound movies created in 1927. You sat in a luxury "palace" which was an elaborate building with balconies and often had an organist for pre-movie entertainment. By 1929, over 80 million movie tickets were sold each week,



"The Era of Heroes"

- **Jack Dempsey**, World Heavyweight Boxing Champion
- **Gertrude Ederle**, Gold Medal swimmer
- **Jim Thorpe**, Pennsylvania Track Star
- **Babe Ruth**, the slugger of baseball
- **Bobby Jones**, America's golf hero
- **Charles Lindbergh**, "Lucky Lindy" first solo flight across the Atlantic.



Life for Women during th 1920's

The **19th Amendment** of 1919 did not really change the lives of women or their political opinions as anticipated. Most women adopted the party preferences the same as their husbands. Most middle-class women were still homemakers and mothers. However, the new machines and labor-saving devices that had been invented did change their daily routines.

Women in the workforce were still the same as before World War I. Those who worked lived in the cities were clerks, nurses, teachers, telephone operators, or domestics. They still earned lower wages than the men.

During the 1920's there was a national revolt against sexual taboos. **Sigmund Freud** wrote about repression. However, many women never read Freud and pre-marital sex became an "invention" of this modern age. Contraceptives were still illegal but their availability was changing, thanks to the efforts of **Margaret Sanger**. Promiscuity was common amongst city women, aided by dances such as the "Charleston" and the "Black Bottom."

Women's Fashion of the Roaring 20's

- Flappers
- Dresses hemmed at the knee
- "Bobbing" or cutting the hair short
- Smoking and Driving Cars



High school and college girls took jobs until they married, then they removed their "flapper" looks and settled down as wives and mothers.

Divorce was a major issue. Feminists demanded changes in the laws, especially to escape from abusive and incompatible husbands. In 1920 the divorce rate was 1 in 8, by 1930 it was 1 in 6.

Other Social Changes during the Roaring 20's

Education greatly improved as the number of high school graduates had doubled to over 25% of the school-age young adults.

Religion saw a division withing the Protestant Church. **Modernists** appeared in urban areas but traditional values stayed in the rural areas.

Modernists took a historical and critical view of bible passages. They believed that they could accept Darwin's *Theory of Evolution* without abandoning their faith.

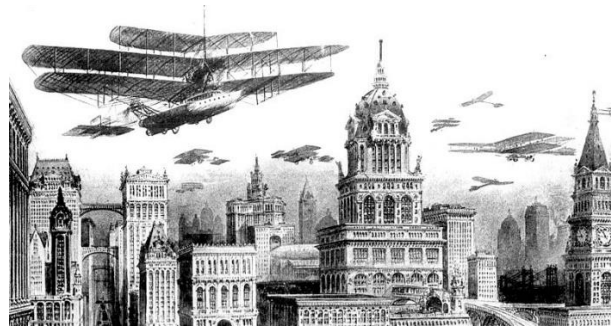
Fundamentalists emerged in greater numbers. They believed that **every** word in the bible was true. They believed in **Creationism**, where the Book of Genesis told the **origin of all life**. They blames the liberal views of modernists as the cause for moral decline.

Revivalists started a movement that was especially heard over the radio. **Billy Sunday**, in his shows attacked the vices of drinking, gambling, and dancing. **Aimee Sample McPherson** attacked communism and jazz music in her shows.

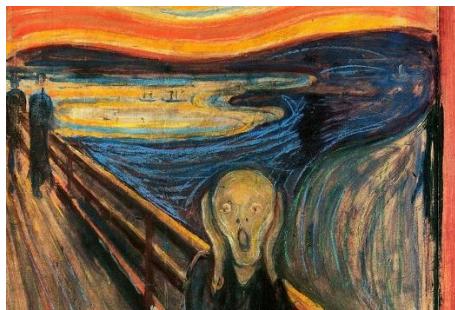
Literature expressed disillusionment with the ideals of earlier times and of the materialism of a business-minded culture.

- Novelists – F. Scott Fitzgerald, Ernest Hemingway, Sinclair Lewis
- Poets – Ezra Pound, T.S. Eliot
- Playwrights – Eugene O’Neil

Architecture saw the emergence of **Functionalism**, skyscrapers with little or no decoration. Notable designers of this time period were **Frank Lloyd Wright** and **Louis Sullivan**.



Art emerged as a more modern genre (**Art Deco**) with the stark paintings of **Georgia O’Keefe** decorating the walls of the rich. Some of the other famous painters include Edvard Munch, Wassily Kandinsky, Erich Heckel and Franz Marc. These artists introduced the new standards for art which later gave birth to **Abstract Expressionism** and the **Neo-Expressionism** art movement.



Fundamentalism and the Scopes Trial

Tennessee was one of several states where it was illegal to teach Darwin’s *Theory of Evolution*. The ACLU persuaded a Biology teacher, **John Scopes**, to teach the theory in his high school. He was subsequently arrested and brought to trial in 1925. The entire nation followed the trial. **Clarence Darrow** defended Scopes and **William Jennings Bryan** represented the Fundamentalists. Bryan even testified as an experienced witness on the bible. However, Bryan was made to look foolish by Darrow’s questioning. Just after the trial began, Bryan had a stroke and died.

Scopes was convicted but his sentence was overturned on a technicality. Laws banning such teachings were in place but rarely enforced. The Northern press said that Darrow discredited fundamentalism but the issue still remains unresolved today.

Prohibition

The nation saw conflicting attitudes towards the **18th Amendment**.

The Eighteenth Amendment of the United States Constitution established the prohibition of alcohol in the United States. The amendment was proposed by Congress on December 18, 1917, and was ratified by the requisite number of states on January 16, 1919.

Section 1

After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

Section 2

The Congress and the several States shall have concurrent power to enforce this article by appropriate legislation.

Section 3

This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of the several States, as provided in the Constitution, within seven years from the date of the submission hereof to the States by the Congress.

Republicans	For Prohibition
Southern Democrats	For Prohibition
Northern Democrats	Against Prohibition

In the cities it soon became fashionable to defy prohibition. **Speakeasies** sold bootlegged liquor and city police were bribed to look the other way. President Harding even served alcohol to his guests at the White House.

Rival gangs fought to control the lucrative business of **bootlegging**. **Al Capone** and other organized crime figures made it a big business. The millions of dollars made from alcohol allowed the same gangsters to extend their controls into prostitution, gambling, and narcotics.

The call to **repeal Prohibition** came from public resentment, increased criminal activity and the oncoming of the Great Depression. In 1933, the **21st Amendment**, repealing the 18th Amendment, was ratified. Millions began the New Year by toasting the end of Prohibition.



American Foreign Policy during the 1920's

It was all about “Advancing American Interests and Maintaining World Peace”

Nativism was strong during these times. Between 1919 and 1921, over 1 million foreigners entered America. Most were Roman Catholics and Jews from Eastern and Southern Europe. The American workforce feared their competition for their jobs. Isolationists wanted minimal contact with Europe as these immigrants were seen as radicals who might start a revolution.

The **Quota Act of 1921** limited immigration to 3% of the number of foreign-born persons from any given nation, the base figure taken from the 1910 census. Each country also had a maximum number of people (257,000) allowed to enter the United States.

The **Quota Act of 1924** was later passed to create discrimination against these immigrants from Southern and Eastern Europe. The number was dropped to 2% and was based on the census of 1890, before the arrival of these “new” immigrants. Therefore very few people were allowed to enter America legally.

By 1927 there was an enforced quota for all Asians, Eastern and Southern Europeans limited to only 150,000 from each country. **All Japanese** were barred and there was no longer “unlimited” immigration from any country (Canada and Mexico were exempt). During the 1920's nearly 500,000 Mexicans migrated legally to the Southwest.



The Republican Presidents of the 1920's, especially Warren Harding, **scaled back on defense spending and arranged disarmament treaties.**

The Washington Conference (1921)

- **Naval Disarmament** – the U.S. Navy was to downsize to the same as the other nations of Belgium, China, France, Great Britain, Italy, Japan, the Netherlands, and Portugal.
- **5-Power Treaty** – the nations with the five largest navies had to maintain ratios with respect to their largest warships or battleships. Great Britain and the United States agreed not to fortify possessions in the Pacific Islands. Note: there was no limit placed on Japan.
- **4-Power Treaty** – The United States, France, Great Britain, and Japan all agreed to respect each other's territories in the Pacific Ocean
- **9-Power Treaty** – all nine nations agreed to respect the Open-Door policy in China by guaranteeing the territorial integrity of China.

The Kellogg-Briand Pact of 1928

This was a world effort to end all wars. It was created by the **U.S. Secretary of State Frank Kellogg** and **French Foreign Minister Aristide Briand**. Almost all of the world's nations signed the agreement to renounce the aggressive use of force to achieve national ends. The pact was **ineffective** as:

- It permitted "Defensive Wars"
- No action was taken against violators

Foreign diplomacy was used to advance American business.

- In 1917 when the Mexican Constitution was created, there was a clause added that the Mexican government owned the nation's oil and mineral resources. U.S. investors feared confiscation of their properties so the U.S. government acted on their behalf to obtain a peaceful resolution.
- U.S. troops were still in Nicaragua and Haiti but had withdrawn from the Dominican Republic in 1924.
- Between 1919 and 1929, American investments in Latin America had doubled
- In the Middle East, U.S. oil companies now had drilling rights

The **Fordney-McCumber Tariff Act of 1922** raised import duties by another 25%. European nations were slow in their recovery from World War I and could not pay back the United States their war debts. Due to this act, European countries counteracted by placing equally high tariffs on U.S. made goods. This led to a weakening of international trade and it was a first step towards the Great Depression.

To pay for World War I, the United States had lent its allies over \$10 billion. Presidents Harding and Coolidge insisted that Great Britain and France pay back every cent!

Unfortunately they were not able to because:

- The two countries complained that they suffered greater losses than the United States
- The borrowed money had already been spent in the United States on weapons and supplies
- Due to the high U.S. Tariffs, it was difficult to repay the debt
- Germany had not paid them the \$30 billion in reparations as they were bankrupt

The Dawes Plan (1924)

Charles Dawes, a banker by trade and the Vice-President under Calvin Coolidge, created this compromise so that the United States could be repaid by Great Britain and France.

He created a cycle of payments creating a "**cash-flow**" back to the United States. **The United States would lend Germany the money to repay its war debt. Germany would then repay Great Britain and France. Great Britain and France would then repay the United States.**

After the Stock Market Crash, all loans to Germany ceased and the plan collapsed.

Finland was the only country to repay its war debt in full, Europe saw "American Greed" and America saw isolationism as the path to follow in the 1930's.