Chapter 31
The Politics of Boom and Bust, 1920–1932

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I. The Republican “Old Guard” Returns

• Warren G. Harding, inaugurated in 1921, looked presidential:
  – Found himself beyond his depth in presidency
    • Unable to detect moral faults in associates
    • Could not say no and designing politicians leached on to this weakness
    • Washington could not tell a lie, Harding could not tell a liar
    • Promised to gather around him “best minds”

I. The Republican “Old Guard” Returns (cont.)

– Charles Evans Hughes:
  • Masterful, imperious, incisive, brilliant
  • Brought to position of secretary of state a dominating conservative leadership

– Andrew W. Mellon:
  • New secretary of Treasury

– Herbert Hoover:
  • Famed feeder of Belgians and wartime food administrator
  • Became secretary of commerce
I. The Republican “Old Guard” Returns (cont.)

- Raised his second-rate cabinet post to first-rate importance
- Especially in drumming up foreign trade for manufactures
- Harding’s “worst minds”:
  – Senator Albert B. Fall:
    - Scheming ant conservationist
    - Appointed secretary of interior
    - As guardian of nation’s natural resources, he resembled wolf hired to protect sheep

II. GOP Reaction at the Throttle

- Harding a perfect “front” for industrialists:
  – New Old Guards:
    - Hoped to crush reforms of progressive era
    - Hoped to improve on old business doctrine of laissez-faire
    - Wanted government to keep its hands off business
    - Wanted government to guide business along path to profits
    - Achieved goal by putting courts and administrative bureaus in safekeeping of fellow stand-patters
II. GOP Reaction at the Throttle (cont.)

- Harding lived less than three years as president:
  - Appointed four of nine justices:
    - Fortunate choice for chief justice was ex-president Taft, who performed duties ably and was more liberal than some of his associates
  - Supreme Court axed progressive legislation:
    - Killed federal child-labor law
    - Stripped away many of labor’s hard-won gains
    - Rigidly restricted government intervention in economy

- Landmark case *Adkins v. Children's Hospital* (1923):
  - Reversed its reasoning in Muller v. Oregon (see Chap. 28):
    - Which declared women needed special protection in workplace
    - To invalidate minimum-wage law for women
    - Reasoning: because women had vote (19th Amendment), they were legal equal of men and could no longer be protected by special legislation
  - Two cases framed debate over gender differences:
    - Were women sufficiently different from men that they merited special legal and social treatment?
    - Or were they effectively equal in eyes of law and undeserving of special protections and preferences?
II. GOP Reaction at the Throttle (cont.)

- Corporations could once more relax and expand:
  - Antitrust laws ignored, circumvented, or feebly enforced by friendly prosecutors
  - Interstate Commerce Commission dominated by men sympathetic to managers of railroads
  - Big industrialists strived to reduce rigors of competition through trade associations
  - Although associations ran counter to spirit of antitrust laws, their formation encouraged by Hoover

II. GOP Reaction at the Throttle (cont.)

- Hoover’s efficiency:
  - Led him to condemn waste resulting from cutthroat competition
  - His commitment to voluntary cooperation led him to urge businesses to regulate themselves rather than be regulated by big government

III. The Aftermath of War

- Wartime government controls on economy swiftly dismantled:
  - War Industries Board disappeared
    - With its passing, progressive hopes for more government regulation of big business evaporated
  - Returned railroads to private management in 1920
    - Crushed hope for permanent nationalization
    - Congress passed Esch-Cummins Transportation Act:
      - Encouraged private consolidation of railroads
III. The Aftermath of War (cont.)

- Pledged Interstate Commerce Commission to guarantee railroad profitability
- New philosophy was to save railroads
- Government tried to get out of shipping business:
  - Merchant Marine Act (1920) authorized Shipping Board to sell most of hastily built wartime fleet
  - Board operated remaining vessels without much success
  - Under La Follette Seaman's Act (1915), American shipping could not thrive in competition with foreign shipping

Lacking government support, labor limped along badly in postwar decade:
- Bloody steel strike crushed in 1919
- Railway Labor Board cut wages 12% in 1922
- When workers struck, Attorney General Daugherty clamped injunction on strikers
- Needy veterans reaped lasting gains from war:
  - Congress (1912) created Veterans Bureau to operate hospitals and provide vocational rehab

Veterans organized into pressure groups
- American Legion demonstrated militant patriotism, rock-ribbed conservatism, zealous antiradicalism, and
- Aggressive push for veterans' benefits, especially "adjusted compensation" to make up for wages while in service
- Won with 1924 passage of Adjusted Compensation Act:
  - Gave former soldiers a paid-up insurance policy due in 20 years
  - Added $3.5 billion to cost of war
IV. America Seeks Benefits Without Burdens

- Making peace with fallen foe:
  - U.S.A., having rejected Treaty of Versailles, technically at war with Germany, Austria, and Hungary:
    - In 1921 Congress passed simple joint resolution that declared war over
    - Isolation enthroned in Washington
    - Continued to regard League as unclean
    - Harding at first even refused to support League’s world health program

- Secretary Hughes secured for U.S. oil companies right to share in Middle East oil exploitations

- Disarmament an issue for Harding:
  - Businessmen did not want to finance naval building program started during war
  - Washington “Disarmament Conference” 1921-1922:
    - Invitations sent to all but Bolshevist Russia
    - Agenda included naval disarmament and situation in Far East
    - Hughes declared 10-year “holiday” on construction of battleships
    - Proposed scaled-down navies of America and Britain with parity
IV. America Seeks Benefits Without Burdens (cont.)

- Four-Power Treaty—pact bound Britain, Japan, France, and United States to preserve status quo in Pacific.
- China—"Sick Man of the Far East"—helped by Nine-Power Treaty (1922), whose signatories agreed to create wide-open Open Door in China.
- Conference important, but:
  - No restrictions on construction of smaller warships
  - Congress made no commitment to use of armed force

• Kellogg-Briand Pact (1928):
  - Secretary of state Frank B. Kellogg won Nobel Peace Prize for his role; Kellogg signed Pact with French foreign minister

IV. America Seeks Benefits Without Burdens (cont.)

- New parchment peace delusory:
  - Defensive wars still permitted
  - Pact a diplomatic derelict and virtually useless
  - Reflected American mind (1920s):
    - Willing to be lulled into false sense of security
    - Same attitude showed up in neutralism of 1930s
V. Hiking the Tariff Higher

• Businesspeople sought to keep U.S. market to themselves by throwing up tariff walls
  — Fordney-McCumber Tariff Law:
    • Lobbyists wanted to boost average from 27% to 38.9%, almost as high as Taft’s Payne Aldrich Tariff of 1909
    • Duties on farm produce increased
    • Flexibility: president could increase or decrease duties as much as 50%
    • Harding and Coolidge more friendly to increases than reductions

V. Hiking the Tariff Higher (cont.)

• In six years, they authorized 32 upward charges
• During same time, they ordered only five reductions
  — High-tariff course set off chain reaction:
    • European producers felt squeeze
    • Impoverished Europe needed to sell its manufactured goods to United States to be able to repay war debts
    • America needed to give foreign countries a chance to make a profit in order to buy U.S. exports
    • International trade, Americans slow to learn, a two-way street

V. Hiking the Tariff Higher (cont.)

• Americans could not sell to others unless they bought from them—or lent them more U.S. dollars
• Tariffs a game two could play as Europeans responded with higher tariffs
• Whole European-American tariff battle deepened international economic distress, providing one more rung on ladder by which Adolf Hitler scrambled to power
VI. The Stench of Scandal

• Loose morality and get-rich-quickism of Harding era resulted in series of scandals:
  • 1923 Colonel Charles R. Forbes forced to resign as head of Veterans Bureau
    – Looted government of $200 million, chiefly in building of veterans’ hospitals
    – Sentenced to two years in federal penitentiary
  • Teapot Dome scandal:
    – Involved priceless naval oil reserves at Teapot Dome (Wyoming) and Elk Hills (California)

VI. The Stench of Scandal (cont.)

– Secretary of interior Albert Fall induced secretary of navy to transfer properties to Interior Department
– Harding signed secret order
– Fall leased lands to oilmen Harry Sinclair and Edward Doheny. But not until he received bribe (“loan”) of $100,000 from Doheny and about three times that amount from Sinclair
– Teapot Dome finally came to whistling boil
  – Fall, Sinclair, and Doheny indicated in 1924
  – Case dragged on until 1929
  – Fall found guilty of taking bribe, sentenced to one year in jail
VI. The Stench of Scandal (cont.)

- Two bribe givers acquitted while bribe taker convicted
- Sinclair served several months in jail for having “shadowed” jurors and for refusing to testify before Senate committee
- Acquittal of Sinclair and Doheny undermined faith in courts
- Scandal of Attorney General Daugherty:
  - Senate investigation (1924) of illegal sale of pardons and liquor permits
  - Forced to resign, tried in 1927, but released after jury twice failed to agree

VI. The Stench of Scandal (cont.)

- Harding spared full revelation of iniquities:
  - Embarked on speechmaking tour across country all the way to Alaska
  - On return, he died in San Francisco on August 2, 1923
  - Brutal fact: Harding not strong enough for presidency—as he himself privately admitted
  - Tolerated people and conditions that subjected Republic to its worst disgrace since days of President Grant

VII. “Silent Cal” Coolidge

- Vice President Coolidge sworn into office by his father:
  - Embodied New England virtues of honesty, morality, industry, and frugality
  - Seemed to be crystallization of commonplace
  - Had only mediocre powers of leadership
  - Speeches invariably boring
  - True to Republican philosophy, he became “high priest of great god Business”
VII. “Silent Cal” Coolidge (cont.)

- Hands-off temperament; apostle of status quo
- Thrifty nature caused him to sympathize with Secretary of Treasury Mellon’s effort to reduce taxes and debts
- Coolidge slowly gave Harding regime badly needed moral fumigation
- Coolidge not touched by scandals

VIII. Frustrated Farmers

- Farmers in boom-or-bust cycle in post-war decade
  - Peace brought:
    - End to government—guaranteed high prices and massive purchases by other nations
    - Foreign production reentered stream of world commerce
  - Machines:
    - Threatened to plow farmers under avalanche of overabundant crops
VIII. Frustrated Farmers (cont.)

- Gasoline-engine tractor revolutionized farms:
  - Could grow bigger crops on larger areas
  - Improved efficiency and expanded acreage piled up more price-dampening surpluses
  - Withering depression swept through agricultural districts in 1920s, when one farm in four sold for debt or taxes

- Schemes abounded for bringing relief to hard-pressed farmers:
  - Bipartisan “farm bloc” from agricultural states coalesced in Congress in 1921 and succeeded in getting some helpful laws passed

VIII. Frustrated Farmers (cont.)

- Capper-Volstead Act:
  - Exempted farmers’ marketing cooperatives from antitrust prosecution

- McNary-Haugen Bill (1924-1928):
  - Sought to boost agricultural prices by authorizing government to buy up surpluses and sell them abroad
  - Government losses to be made up by special tax on farmers
  - Congress twice passed bill
  - Coolidge twice vetoed it
  - Farm prices stayed down; farmers’ political temperatures stayed high, reaching fever pitch in election of 1924
### IX. A Three-Way Race for the White House in 1924

- **Election of 1924:**
  - Republicans nominated “Silent Cal” at summer convention in Cleveland
  - Democrats had difficulty choosing candidate at convention in New York because split by:
    - “Wets” vs. “drys”
    - Urbanites vs. farmers
    - Fundamentalists vs. Modernists
    - Northern liberals vs. southern stand-patters
    - Immigrants vs. old-stock Americans

### IX. A Three-Way Race for the White House in 1924 (cont.)

- Democrats failed by one vote to pass resolution condemning Ku Klux Klan
- Deadlocked for unprecedented 102 ballots, convention turned to conservative Wall Street lawyer John W. Davis
- Field wide-open for a liberal candidate:
  - Senator Robert (“Fighting Bob”) La Follette sprang forth to lead new Progressive party
  - Gained endorsement of American Federation of Labor
  - Support from shrinking Socialist party
  - Farmers his major constituency

### IX. A Three-Way Race for the White House in 1924 (cont.)

- La Follette’s Progressive party:
  - Fielded only a presidential ticket
  - No candidates for local office
  - Proved shadow of robust prewar Progressive coalition
  - Platform called for government ownership of railroads and relief for farmers
  - Lashed out at monopoly and antilabor injunctions
  - Urged constitutional amendment to limit Supreme Court’s power to void laws passed by Congress
IX. A Three-Way Race for the White House in 1924 (cont.)

- Election returns:
  - La Follette polled nearly five million votes
  - “Cautious Cal” and oil-smeared Republicans overwhelmed Davis: 15,718,211 to 8,385,283
  - Electoral count stood at 382 for Coolidge, 136 for Davis, and thirteen for La Follette, all from his home state of Wisconsin (see Map 31.1)
  - Prosperity undermined La Follette’s reform message

X. Foreign-Policy Floundering

- Isolation continued to reign in Coolidge era:
  - Senate not allow America to adhere to World Court
  - Coolidge halfheartedly and unsuccessfully pursued further naval disarmament
  - Intervention in Caribbean and Central America:
    - Troops withdrawn (after eight-year stay) from Dominican Republic in 1924
    - Remained in Haiti (1914-1934)
    - America in Nicaragua intermittently since 1909; Coolidge briefly removed troops in 1925, but in 1926 he sent them back where they stayed until 1933
    - Oil companies clamored for military expedition to Mexico in 1926, but Coolidge resisted; U.S.-Mexican tensions increased
X. Foreign-Policy Flounderings (cont.)

— International debts overshadowed all foreign-policy problems in 1920s:
  • Complicated tangle of private loans, Allied war debts, and German reparations payments (see Figure 31.2)
  • 1914: U.S.A. a debtor nation to sum of $4 billion
  • 1922: U.S.A. a creditor nation to sum of $16 billion

American investors loaned $10 billion to foreigners in 1920s, but most investment remained within U.S.A.

• Key knot in debt tangle was $10 billion U.S. Treasury had loaned to Allies during war
  — Allies protested U.S. demand for repayment as unfair
  — French and British stressed they had suffered tremendous losses against common foe
  — America, they argued, should write off loans as war costs
  — Borrowed dollars fueled wartime boom in U.S. economy, where nearly all Allied purchases had been made
  — Final straw, protested Europeans, was America’s postwar tariffs made it almost impossible for Europeans to sell goods to earn dollars to pay debts
XI. Unraveling the Debt Knot

- Allied debts affected policy on reparations:
  - French and British demanded $32 billion in reparations payments from Germany
  - Allies hoped to use money to settle war debts since U.S.A. demanded repayment
  - As Germany suffered tremendous inflation, some Europeans proposed debts and reparations be scaled down or even canceled
  - Coolidge rejected any idea of debt cancellation

- Dawes Plan (1924):
  - Negotiated by Charles Dawes, about to be Coolidge's running mate
  - Rescheduled German reparations payments
  - Opened way for more private American loans to Germany
  - Whole financial cycle became more complicated:
    - U.S. bankers loaned money to Germany,
    - Germany paid reparations to France and Britain,
    - Former Allies paid war debts to United States
XI. Unraveling the Debt Knot (cont.)

- When U.S. loans dried up after crash of 1929, jungle of international finance quickly turned to desert
- President Herbert Hoover declared one-year moratorium in 1931, but most debtors soon defaulted
  - Except "honest little Finland," which struggled along making payments until last of debt discharged in 1976
- United States never did get its money, but harvested bumper crop of ill will

XII. The Triumph of Herbert Hoover, 1928

- 1928 presidential race:
  - Coolidge decided not to run
  - Herbert Hoover became Republican candidate:
    - Nominated on platform of prosperity and prohibition
  - Democrats nominated Alfred C. Smith
    - "Al(cohol) Smith," soakingly and drippingly "wet" when country still devoted to "noble experiment" of prohibition
    - Seemed to be abrasively urban
    - Was Roman Catholic

XII. The Triumph of Herbert Hoover (cont.)

- Radio played key role in campaign for first time:
  - Helped Hoover more than Smith
- Hoover decried un-American "socialism"
  - Preached "rugged individualism"
  - Never having been elected to public office, he was thin-skinned in face of criticism
  - Did not adapt give-and-take of political accommodation
  - Real power lay in his integrity
    - His humanitarianism
    - His passion for assembling facts
XII. The Triumph of Herbert Hoover (cont.)

- His efficiency
- His talent for administration
- His ability to inspire loyalty in close associates who called him "the Chief"

- Hoover best businessperson's candidate:
  - Self-made millionaire, he recoiled from anything suggesting socialism, paternalism, or "planned economy."
  - Yet as secretary of commerce, he exhibited some progressive instincts:
    » Endorsed labor unions
    » Supported regulation of radio broadcasting industry
    » Flirted with idea of government-owned radio

- Indications of low-level campaigners:
  - Religious bigotry against Smith's Catholicism
    - White House would become branch of Vatican with "Rum, Romanism, and Ruin"
  - South shied away from "city slicker" Al Smith

- Election returns:
  - Hoover triumphed in landslide:
    - Bagged 21,391,993 popular votes to Smith's 15,016,169
    - Electoral count of 444 to Smith's 87
  - Big Republican victory, Hoover swept five former Confederate states and all Border States (see Map 31.2)
XIII. President Hoover's First Moves

– Hoover's self-help responses to unorganized wage earners and disorganized farmers

– Agricultural Marketing Act (June 1929):
  • Designed to help farmers help themselves through producers’ cooperatives
  • Set up Federal Farm Board with revolving fund of ½ billion dollars at its disposal
  • Money lent to farm organizations seeking to buy, sell, and store agricultural surpluses

XIII. President Hoover's First Moves (cont.)

– In 1930 Farm Board created:
  • Grain Stabilization Corporation and Cotton Stabilization Corporation
  • Bolster sagging prices by buying up surpluses
  • Suffocated by avalanche of farm produce

– Hoover during campaign promised to call Congress into session to bring about “limited” change in tariff
XIII. President Hoover's First Moves (cont.)

- **Hawley-Smoot Tariff (1930):**
  - By time passed by both houses of Congress:
    - Turned out to be highest protective tariff in nation's peacetime history
    - Average duty on non-free goods raised from 38.5% to nearly 60%
  - To foreigners, it was blow below trade belt:
    - Seemed like declaration of economic war on entire world
    - Reversed promising worldwide trend toward reasonable tariffs

XIII. President Hoover's First Moves (cont.)

- Plunged both America and other nations deeper into depression that had already begun
- Increased international financial chaos and forced United States further into bog of economic isolationism
- And economic isolationism, both at home and abroad, played into hands of hate-filled German demagogue, Hitler

XIV. The Great Crash Ends the Golden Twenties

- Speculative bubble:
  - Few people sensed permanent plateau of prosperity would soon break
  - Prices on stock exchange continued to spiral upward
  - Created fool's paradise of paper profits
  - A few tried to sound warnings
- Catastrophic crash in October 1929:
  - Partially caused by British who raised interest rates
  - Foreign investors and domestic speculators began to dump "insecurities"
XIV. The Great Crash Ends the Golden Twenties (cont.)

- Tensions built to panic Black Tuesday of October 29, 1929:
  - 16,410,030 shares of stocks sold in save-who-may scramble
  - Wall Street became wailing wall as gloom and doom replaced boom
  - Suicides increased alarmingly
  - Unbelievable losses in blue chip securities
  - By end of 1929, stockholders lost $40 billion in paper values
    (see Figure 31.3)
XIV. The Great Crash Ends the Golden Twenties (cont.)

• Stock-market collapse heralded business depression:
  – At home and abroad
  – Most prolonged and prostrating in American or world experience
  – No other industrialized nation suffered so severe a setback
  – End of 1929: four million workers jobless
  – Two years later, figure had tripled
  – Hungry and despairing workers pounded pavements in search of work
  – Misery and gloom incalculable
  – Over 5000 banks collapsed in first three years
  – Carrying down with them savings of tens of thousands of ordinary citizens

• Countless thousands lost homes and farms to foreclosure
• Breadlines formed; soup kitchens dispensed food
• Families felt stress, as jobless fathers nursed guilt and shame at not being able to provide for family
• Breadless breadwinners blamed themselves for plight
• Mothers nursed fewer babies as birthrate dropped
XV. Hooked on the Horn of Plenty

• What caused Great Depression?
  – Overproduction on both farm and factory
    • Depression of 1930s one of abundance, not want
    • “Great glut” or “plague of plenty”
    • Nation’s ability to produce goods clearly outran capacity to consume or pay for them
  • Too much money going into hands of wealthy:
    – Who invested it in factories and other agencies of production
    – Not enough going into salaries and wages to revitalize purchasing power

XV. Hooked on the Horn of Plenty (cont.)

• Overexpansion:
  – Of credit (installment-plans) over stimulated production
  – New laborsaving technologies caused unemployment
• Economic anemia abroad:
  – Britain and Continent never fully recovered from WWI
  – Chain-reaction financial collapse in Europe
  – International trade declined because of tariffs
  – European uncertainties over reparations, war debts, and defaults on loans owed to America
  – Many of these conditions caused by Uncle Sam’s narrow-visioned policies

XV. Hooked on the Horn of Plenty (cont.)

• Nature: drought scorched Mississippi valley in 1930
  • Thousands of homes and farms sold at auction for taxes
  • Farm tenancy or rental—a species ofpeonage—spread among both whites and blacks
• By 1930s depression had become national calamity
  • Many citizens lost everything
  • Wanted to work—but there was no work
XV. Hooked on the Horn of Plenty (cont.)

• America’s “uniqueness” no longer seemed so unique, nor its Manifest Destiny so manifest:
  – Depression a baffling wraith Americans could not grasp
  – Initiative and self-respect stifled
  – Many slept in tin-and-paper shantytowns cynically named Hoovervilles
  – Foundations of America’s social and political structure trembled

XVI. Rugged Times for Rugged Individualists

• Hoover’s exalted reputation as wonder-worker and efficiency engineer crashed
  – Would have shone in prosperous Coolidge years
  – Great Depression proved to be beyond his engineering talents
    • Distressed by widespread misery
    • As “rugged individualist,” he shrank from heresy of government handouts
XVI. Rugged Times for Rugged Individualists (cont.)

- Convinced that industry, thrift, and self-reliance were virtues that made America great
  - Feared that government doling out doles would weaken, perhaps destroy, national fiber
  - Relief by local government agencies broke down
  - Hoover finally had to reluctantly:
    - Turn from doctrine of log-cabin individualism and
    - Accept proposition that welfare of people during a national catastrophe a direct concern of national government

- Hoover worked out compromise between
  - Old hand-off philosophy
  - Fre “soul-destroying” direct dole being used in England
  - He would assist hard-pressed railroads, banks, and rural credit corporation
    » If financial health restored at top of economic pyramid
    » Unemployment would be relieved at bottom on trickle-down basis

- Partisan critics sneered at “Great Humanitarian”
XVI. Rugged Times for Rugged Individualism (cont.)

Most of criticism of Hoover unfair:
  • His efforts probably prevented more serious collapse
  • His expenditures for relief, revolutionary for day, paved path for enormous federal outlays of his successor, Franklin Roosevelt

XVII. Hoover Battles the Great Depression

Hoover’s “trickle-down” philosophy:
  • Recommended Congress vote immense sums for useful public works
  • Secured from Congress appropriations totaling $2.25 billion for such projects
  • Most imposing of public enterprises was gigantic Hoover Dam on Colorado River
    – Huge man-made lake for purposes of irrigation, flood control, and electric power
  • Sternly fought all schemes he thought “socialistic”
XVII. Hoover Battles the Great Depression (cont.)

- Conspicuous was Muscle Shoals Bill:
  - Designed to dam Tennessee River
  - He vetoed measure because he opposed government selling electricity in competition with private companies
- In 1932 Congress responded to Hoover’s appeal:
  - Established Reconstruction Finance Corporation (RFC)
    - Provide indirect relief by assisting insurance companies, banks, agricultural organizations, railroads, and even hard-pressed state and local governments
    - To preserve individual character; no loans to individuals

XVII. Hoover Battles the Great Depression (cont.)

- "Pump-priming" loans helped, but projects largely self-liquidating
- Government profited to tune of many millions of dollars
- Giant corporations also benefited
- Irony that thrifty and individualistic Hoover actually sponsored project with strong New Dealish flavor

XVII. Hoover Battles the Great Depression (cont.)

- Norris-La Guardia Anti-Injunction Act (1932):
  - Outlawed "yellow-dog" (antiunion) contracts
  - Forbade federal courts to issue injunctions to restrain strikes, boycotts, and peaceful picketing
- Hoover did inaugurate new policy:
  - By end of term, he had started down road toward government assistance for needy citizens—a road Franklin Roosevelt would travel much farther
XVII. Hoover Battles the Great Depression (cont.)

- Hoover’s woes:
  - Increased by hostile Congress
  - Republican majority proved highly uncooperative
  - In 1930, Democrats gained control of House and almost of Senate
  - Insurgent Republicans could—and did—combine with Democrats to harass Hoover
  - Some of Hoover’s troubles deliberately manufactured by Congress

XVIII. Routing the Bonus Army in Washington

- Veterans of WWI hard-hit by depression:
  - If Hawley-Smoot Tariff a “bonus” to industry,
  - Veterans wanted early payment of 1924 “bonus” scheduled to be paid in 1945
  - Many veterans prepared to go to Washington
    - To demand immediate payment of entire bonus
    - “Bonus Expeditionary Force” (BEF) of some 20,000 went to capital in summer of 1932
    - Erected shacks on vacant lots—a gigantic “Hooverville”
    - After Congress voted down bonus bill, BEF ordered to leave
      - 6,000 left; Hoover then ordered army to remove rest
XVIII. Routing the Bonus Army in Washington (cont.)

- General Douglas MacArthur led effort to oust Bonus Army with bayonets and tear gas
  - Used far more force than Hoover planned
  - Brutal episode brought additional abuse on once-popular Hoover
- Time ripening for Democratic Party—and Franklin D. Roosevelt—to cash in on Hoover’s calamities

XIX. Japanese Militarists Attack China

- Depression increased international difficulties
- Militaristic Japan stole Far Eastern spotlight:
  - September, 1931: Japanese imperialists lunged into Manchuria
  - America had strong sentimental stake in China, but few significant economic interests
  - Americans stunned by act of naked aggression
    - Flagrant violation of League of Nations covenant and other international agreements solemnly signed by Tokyo
    - Not to mention American sense of fair play
XIX. Japanese Militarists Attack China (cont.)

– Yet Washington rebuffed League attempts to secure U.S. cooperation in economic pressure on Japan
– Washington and Secretary of State Henry L. Stimson decided to fire only paper bullets
  • So-called Stimson doctrine (1932):
    – Declared United States would not recognize any territorial acquisitions achieved by force
    – Righteous indignation—or preach-and-run policy—would substitute for solid initiatives
– Verbal slap not deter Japan’s militarists
  • Bombed Shanghai (1932) killing many civilians

XIX. Japanese Militarists Attach China (cont.)

– No real sentiment for armed intervention among depression-ridden Americans, who remained strongly isolationist during the 1930s
– Collective security died and World War II born in 1931 in Manchuria

XX. Hoover Pioneers the Good Neighbor Policy

• Relations w America’s southern neighbors:
  – Hoover interested in often-troubled nations below Rio Grande
  – After stock market crash of 1929:
    • Economic imperialism less popular at home in U.S.A.
    – Hoover advocated international goodwill
    • Strove to abandon interventionist twist given Monroe Doctrine by Theodore Roosevelt
XX. Hoover Pioneers the Good Neighbor Policy (cont.)

– Negotiated with Haiti for withdrawal of U.S. troops by 1934
– In 1933, last U.S. marines left Nicaragua after almost continuous stay of some twenty years
– Hoover engineered foundation stones of Good Neighbor policy
  • Upon them, rose imposing edifice under successor, Franklin Roosevelt