1 The Roaring 20’s, The Great Depression, & The New Deal
   Presented by Mr. Anderson, M.Ed., J.D.

2 The Roaring 20’s
   • The Election of 1920
     • wins by a landslide (60% of the popular vote vs. 34% for James Cox)
     • Advocated social stability and big business (people trusted him)
     • weary of sacrifice at home; healing was needed for normalcy

3 The “Return to Normalcy”
   • Laissez-faire government
     • “The business of the American people is… business” – Calvin Coolidge

4 The “Return to Normalcy”
   1 • Isolationism - The foreign policy that Republican presidents in the 1920’s will follow
      • stay out of foreign affairs
      • avoid political and economic alliances
   2 • America becomes isolationist for several reasons:
      • Because of the Treaty of Versailles
      • Because of the League of Nations, which called for disarmament
      • to support big business

5 Political Scandal Under Harding
   1 • Harding’s Secretary of the Interior Albert B. Fall sold oil drilling rights in Elk Hills, CA and Teapot Dome, Wyoming for $300,000
   2 • Edward Doheny - owned oil fields in CA
      • Frank Seaver - worked for Doheny
• Harry Sinclair - owned oil fields in WY

6 The Growth of the American Economy in the 1920’s
• Recession after WWI

• economy slowed down
  • returning soldiers needed work (supply and demand)
  • COL doubled
• labor strikes for better working conditions and higher wages
  • Boston police strike
    • puts Coolidge on the scene
    • led to riots, his successful handling will make him popular

7 The “Farm Problem”
• No Roaring 20’s for the farmers
  • after wartime demand ended, wheat and cotton prices plummeted
  • During the good times, they had bought new machinery with loans
  • incurred massive debt

8 Henry Ford and the Model T
• Revolutionized the auto industry with the assembly line (economies of scale)
• Externalities -
  • gas stations
  • motels
  • roads
  • part stores
  • tire companies

9 Installment Buying
• To this point everything was done in cash!
  • Jumpstarts the Consumer economy and consumer culture we have today!
• with credit, demand grew
• pushed up prices, but supply kept up
• led to the construction of power plants
• higher standard of living, more leisure time and...
• chain stores

10 Those Who Did Not Benefit

• Farmers
  • Supply & demand during WWI & after WWI
  • Farmers should have cut supply after WWI

• Unskilled Labor & Migrant Workers
  • Remained poor
  • Hit the hardest of all

11 Warm-up #1: Review Notes

• Briefly describe president Warren Harding’s stance on:
  • foreign policy
  • treatment towards big business

• Briefly define installment buying.

  • Explain the economic effect of the advent of installment buying.

12 The “Red Scare”

• The “Red Scare” was in response to the Russian revolution of 1917.
• In desiring “normalcy,” American citizens sought to destroy anybody or anything perceived to be “un-American.”

13 Nativism

• The idea of returning America to its original state

• Return of the KKK
  • targeted Jews, African Americans, Immigrants

14 Nativism

• Anti-immigration laws passed in the early 1920’s put quotas
or limits on the numbers of people that could come from certain countries (national origins act of 1924)

- no Asians
- very few Pols, Italians, and Russians

These people represented competition in the labor market

Terrorist Plots

- Anarchists target big names in society:
  - Palmer (politician)
  - Rockefeller (business entrepreneur)
  - Oliver Wendell Holmes (Supreme Court Chief Justice)

- This is why Americans search for a return to the “America of old”

The Palmer Raids

- As the Red Scare heightened, the government looked for those who represented a “clear and present” danger to US national security

- Led by A. Mitchell Palmer, head of the Justice Department (attorney general)

  - justice department is part of what branch?

A. Mitchell Palmer

- created the FBI
  - J. Edgar Hoover
- Conducted two raids in 1919 and 1920
  - arrests 6000 immigrants, aliens, labor leaders
  - tried to deport them all
  - 550 deported, 4000 released

Response to the Palmer Raids

- Applause at first
• public outcry after the facts come out:
  • bogus search warrants (4th)
  • evidence falsified, right against self-incrimination (5th)

• practiced law after losing his nomination bid in the 1920 election

19 Social Issues of the 1920’s
• Flappers & Vamps!
  • wished to break with the past (mothers)
  • shorter hair, shorter skirts, more make-up
  • would go out alone, smoke/drink
  • clubs (Charleston)
  • The 19th Amendment (1920)

20 The Rise of American Culture
• Mass Media: Billboards, radio, movies

  • promoted the creation of a national culture

21 Radio
• Affordable

  • NBC(1925) & CBS (1929)

  • George Burns, Groucho Marx, Bing Crosby, Jack Benny
  • FDR’s “fireside chats”

22 Sports
• Football, Baseball & Boxing

  • Lou Gehrig/Babe Ruth

23 Movies
• The Jazz Singer

• Mickey Mouse

• For the first time, sound was put to the movements on the screen

24 Hero Worship
• People longed for old-fashioned virtues

• people got fed up with immoral behavior
• Charles Lindbergh, Amelia Earhart, Babe Ruth, Jack Dempsey

25 Warm-up #2: Review Notes
• Explain what the rise of films, radio broadcasting, and the news media helped bring about in the United States at the beginning of the 1920’s?

26 The Scopes Monkey Trial
• John Scopes – science teacher in TN
• taught evolution in Biology class, which was banned because it contradicted the teachings on the Bible
  • Legal Issue:
    • the right to teach evolution in public schools

27 The Scopes Monkey Trial
  1 • Prosecution: State of Tennessee (William Jennings Bryan)
    • Called themselves fundamentalists
    • believed in a literal interpretation of the Bible
  2 • Defense: John Scopes (Clarence Darrow of the ACLU)
    • believed in Evolution and the theories of Charles Darwin
    • taught them purposefully

28 Tennessee v. John Scopes (1925)

29 The Scopes Monkey Trial
• Scopes was found guilty of teaching evolution
  • Fundamentalists lost serious momentum as a result of this decision
  • Conviction was later overturned (did little to change interpretations)

30 □ Prohibition (18th Amendment)
  • Passed in 1919, this Amendment would lead to the rise of organized crime
  • politicians in the 1920’s had to disclose if they were in favor or a “wet” or “dry” society
  • Bootleggers, speakeasies popped up everywhere
  • In 1933, the 21st Amendment officially ended the prohibition experiment

31 □ Prohibition
  • Enforced by the Volstead Act
  • Vetoed by Wilson (D) and overridden by each house of Congress (R) by a 2/3 vote

32 □ Murder –
  Cal. P.C. §187

33 □ The Jazz Age
  • A truly American invention
    • Louis Armstrong
    • Duke Ellington
  • Started in the deep south and migrated north to Harlem during the Great Migration
    • blues
    • gospel

34 □ The Harlem Renaissance
  • The awakening of African American literary and musical talent
    • James Weldon Johnson and Zora Neale Hurston, as well as Langston Hughes embodied the Harlem Renaissance
35 Warm-up #3: Review Notes
  • List Amendments 18-27!!!!

36 The Election of 1928
  • Al Smith (D):
    • From NY where he was a four-time governor
    • pro-immigrant
    • Catholic

37 The Election of 1928
  • Herbert Hoover (R):
    • Sec. of Commerce under Harding and Coolidge
    • self-made millionaire
    • good times would get better
    • wins easily

38 Causes of the Stock Market Crash
  • It seemed that everybody was investing in the stock market
  • people bought stock on margin (get rich quick attitude)
  • made for a lot of rich Americans on paper.

39 Stock Market Principles
  • Stock- ownership of a company
  • point is to invest for the long-term
  • buy low and sell high
  • many factors that determine worth of stock

40 Stock Market Ascent and descent
  • The upward climb of the stock market benefitted the rich
  • created a “bubble”
  • in late October 1929, the Dow Jones Industrial Average began to drop
  • people started to sell their stock

41 Bank Failures
  • After the crash, thousands of banks will have to close, not being able to pay depositors back
• No safety net (today federal insurance)
• People lost confidence in their banks

42 The President’s Response
• As the economy collapsed, people began to blame President Hoover
• “Hoovervilles” will spring up across the country, one effect of wage cuts and unemployment

43 The President’s Response
• As the economy continued to decline, Hoover believed the gov’t. should let businesses voluntarily control themselves
  • no stimulus packages here!
  • Republican idea

44 The President’s Response
• As a result of this inaction, the view of economics and the government’s role in economics would change forever
  • the gov’t. is much more pro-active today in business affairs

45 Causes of the Great Depression
• Overexpansion of Agriculture -
  • WWI and increased demand
  • as war ended, farmers kept supply high
  • as demand decreased, farmers increased supply

46 Causes of the Great Depression
• Overexpansion of industry -
  • Industry produced more goods than most consumers could afford or want
  • S>D as a result, reduced prices, reduced wages, stalled the economy

47 Causes of the Great Depression
• Technological unemployment -
  • Companies began to replace people with machines
  • work could be done quicker, more efficiently, and at a lower cost to the producer.
Causes of the Great Depression

- Overexpansion of credit -
  - credit was too easy in the 1920’s
  - people overextended themselves
- as the economy turned south, loans couldn’t be repaid
- FED tightened credit
  - wrong move

Causes of the Great Depression

- “Overspeculation” –

  - bought stock w/ borrowed money & then pledged those stocks as collateral to buy more stocks
  - Bought stock in companies with poor financial health
  - Bought stock on optimism instead of real value

The Government’s Response

- Voluntary steps by government and business
  - Hoover advocated “confidence”
  - called big business leaders to white house
    - promised to keep wages up
  - spent more on public buildings roads

The Government’s Response

- Agricultural Marketing Act (June 1929)
  - Federal Farm Board
    - 1st gov’t. attempt to stabilize crop prices
    - proved to be a failure
    - lost over $150,000,000.00

The Reconstruction Finance Corporation

- Reflected theory of trickle down economics
- Helped economy as a whole through loans
• Government extended credit to banks who would then extend credit to individuals in society

Warm-up #4: Review Notes

• Who did American’s blame for the decline of the American economy into the depression?
  • what were the shantytowns many American moved into called?
• “Annual income twenty pounds, annual expenditure nineteen six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery.”

   Charles Dickens
   *David Copperfield*

The Election of 1932

• Herbert Hoover (R)
• FDR (D)
  • People liked his optimism and his willingness to experiment with the economy
  • Major Issues facing voters: The Depression and Prohibition

The “New Deal”

• FDR won easily in 1932 by promising Americans a “New Deal”
  • He was a capitalist but laissez-faire government was dead at this point
  • Election marked a change in how Americans viewed the role and responsibilities of the national government
  • “New Deal” was the most massive program of social legislation (laws) ever!
  • Creation of several major federal agencies

The “Third American Revolution”

• The Bonus Army Marchers – 20,000 jobless WWI Vets & families set up camp in Washington D.C.
• Wanted immediate payment of pension bonus (to be pd. in
• Pres. Hoover through Gen. Douglas MacArthur, used force to drive them out of Washington D.C.

57 The “Third American Revolution”
• The “Demagogues”
  • FDR’s critics
  • They manipulated people with half-truths and scare tactics
  • Called for socialism and a change of government
  • Huey Long, Father Charles Coughlin, Dr. Francis Townsend

58 The “Third American Revolution”
• The Progressives were another group of people who criticized the government for not doing enough to fix the problems of society
  • FDR was not doing enough to redistribute the wealth

59 New Deal Programs
• The “Bank Holiday”
  • FDR closed all banks in the United States for a period of 4 days the day after he took the office of the Presidency.
  • He did this to inspect the financial health of all banks
  • Eased the “run on the banks”
  • Confidence back into the banking system
    • More $ in accounts than taking out
    • Established FDIC

60 New Deal Programs
• In his first 100 days, FDR, with the help of his “brain trust,” sent social program after social program to Congress for passage into law.

• These programs were referred to as FDR’s alphabet soup social programs
  • because of all the acronyms!
Alphabet Soup

New Deal Programs

The First New Deal, 1933 - 1945

New Deal Programs

- The Three R’s: Relief, Recovery, Reform
  - aimed at combating the Great Depression

  - Relief: AAA, CCC, WPA, TVA, NRA, PWA
  - Recovery: NLRB, RFC
  - Reform: FDIC, FHA, SEC, SSA

  - Which of these programs are still around today? (Can you name the six?)

Alphabet Soup

The Second New Deal

The Second Hundred Days

- After his first 100 days in office, stronger focus on Social Reforms
- Citizens & politicians began to complain that FDR was “socializing” the United States too much and starting to stray from the values of hard work & initiative the country was built on.
  - New programs failed to bring about significant economic improvement

WPA

The Second New Deal

- Court Packing (1937) - FDR’s BIGGEST COMPLAINT
  - As many of his programs came under fire, they started being challenged @ Sup. Ct.
  - When the Sup. Ct. refused to uphold the Constitutionality of some of his programs, he threatened the 9 member
Supreme Court w/ adding more justices
• He wanted to ‘pack’ the U.S. Sup. Ct. w/ justices favoring his programs

69 NLRB & The Wagner Act
• NLRB called The Wagner Act (1935)
  • collective bargaining & closed shops
  • Led to a rise in unions and numbers of strikes
  • Outlawed spying on union activities & blacklisting (practice in which employers agreed not to hire union leaders)
  • Led to sit-down strikes, which were so popular they were outlawed by the Sup. Ct.

70 Social Security Act (1935)
• Social Security system
  • Provide financial security (regular payments) to those who could not support themselves
    • Old-age pensions & survivors’ benefits
      • early as 62 or full at 65
    • Unemployment Insurance
      • > 8 employees
    • Aid for dependent children, the blind, & the disabled

71 The Election of 1936
• FDR (D) vs. Alf Landon (R) KS Gov’nr
  • 523 electoral votes to 8 electoral votes
    • every state except ME & VT
  • wins by a landslide
  • This victory showed support for FDR and all of his “New Deal” programs

72 The Recession of 1937
• All of these social programs cost lots and lots of money (Nothing comes free)
  • led to a rise in national debt (spending more than it was bringing in)
• Our debt today (the debt clock)
• Reduced consumer spending (ills of a consumer society)

73 Social Consequences of The New Deal
• Minority groups lost jobs to whites
• Women who worked were criticized
• The “Depression Generation” and credit buying
• Role of the First Lady in government
• Legacy of the New Deal-restored hope
• Role of Movies in society
• Any effects of this legislation today?

74 2011 Federal Budget Expenditures