

# Boom and Bust

The Rise and Fall of Prosperity in America

1919-1939



A Quick Background...

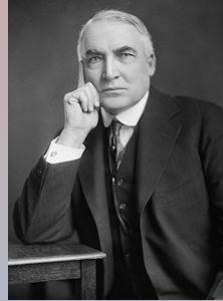
## Recovering from The Great War

- The U.S. saw a rise in the number of jobs available
- Work force became more automated by machinery
- The gap between the wealthy and poor was enormous! In 1929, only 1% of the population had an annual income of \$10,000 or more.

65% had an income of less than \$2000. Businesses were also growing unevenly in the 1920s. Agriculture was a “sick” industry and overproduction caused supply to exceed demand.

## “Return to Normalcy”

- Harding was elected in a landslide victory in 1920 on his promise to “return to normalcy”
- People were tired of the radical reforms of the progressives

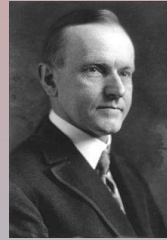


# Unexpected Tragedy

- Harding died in 1923 of pneumonia
- Quick Fact:
  - Harding was making a speech and in the middle of a sentence, he shuddered and collapsed to the ground dead.

## Coolidge Takes Over

- Coolidge takes over assuming Harding's role to "return to normalcy"
  - Big business
  - Laissez-Faire
- Coolidge refused to regulate the practices of brokerage firms



Refusal to regulate led to increased risks involving buying on margin

Why? Americans borrowing from the brokerage firms and there is no regulation as to how much money can be distributed.

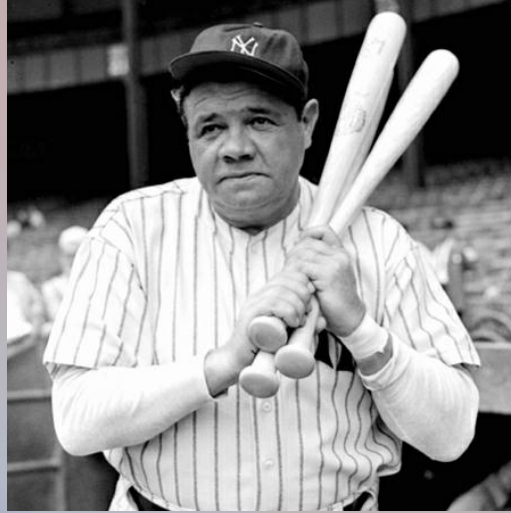
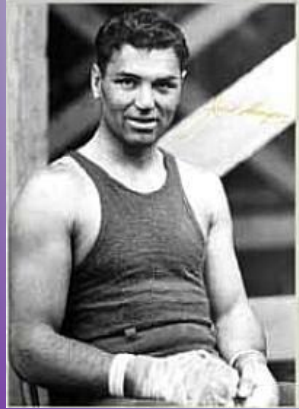
# The Roaring 20s

## 1920s: Period of Prosperity and Laissez-Faire

- America experienced a time of great wealth and new modern ideas
- What Changed?
  - Women's Roles
  - Sports and Entertainment were celebrated
  - Modern Technology
- On the other hand, America remained conservative and religious

20s are prosperous. Americans owned 40% of the world's wealth  
Productivity, income, and stock markets soar!





## Cultural Trends

- Birth Rate declined
  - Margaret Sanger and Birth Control
- People began marrying for love, however, the divorce rate also increased
- More people were enrolled in school
- Urbanization accelerates (NY, Chicago, Philadelphia)
- America was more prosperous thanks to CREDIT!



# Money, Money, Money!

- Buying on Margin was popular
- People would buy stock, only pay for part of it, and then borrow the rest
- **Installment Plans**
  - Americans were able to buy goods over an extended period of time
  - America turns towards a **commercial culture**
  - **Easy Credit**

1

Since people were able to purchase more extravagant things, businesses took advantage of the massive consumerism and began brainstorming new ways of advertising

## Emergence of Modern Science

- New ideas in science were examined and often accepted. This was incorporated into advertising.
  - “If it’s scientific fact, the product must be good!”
- There was also a clash between science and religion
- **SCOPES TRIAL**
- Tennessee passed a law that forbade the teaching of evolution in schools; a school teacher, John Scopes, violated the law
- Fundamentalists rejected the theory of evolution
- Clarence Darrow and William Jennings Bryan
- Scopes found guilty

1

- American Civil Liberties Union promised to defend any teacher willing to challenge the law
- The ACLU hired Clarence Darrow, the most famous trial lawyer of the era
- Prosecution countered with William Jennings Bryan (a Fundamentalist)
- Darrow called Bryan to the stand and got him to admit that the Bible can be interpreted in many ways
- Nonetheless, Scopes was found guilty



"WHAT WOULD THEIR VERDICT BE?"

—*The Daily Star* (Montreal).

## Demographic Changes

- Black Migration to North Causes Racial Tensions
  - Whites blamed their unemployment on Blacks who were “taking their jobs”
  - Chicago Race Riots broke out
- Emergency Quota Act 1921 – Set quota at 3%
- Favorable to South East Europeans
- Immigration Act 1924 – marks the end of open immigration
  - No Japanese

# Harlem Renaissance

- Demographic changes for blacks resulted in a literary and intellectual movement that fostered a new black cultural identity
- A large art movement
  - Numerous people gained recognition



# What Came Out of the Harlem Renaissance?

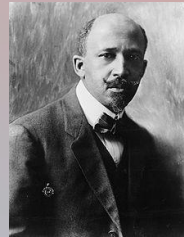
- Langston Hughes: arguably the most famous poet and writer to come out of the Harlem Renaissance
- Louis Armstrong: African American Jazz Trumpet Player
- W.E.B. Dubois: Founder of NAACP
- Marcus Garvey: Back to Africa
- Revival of KKK



Louis Armstrong



Marcus Garvey



W.E.B. Dubois



Langston Hughes

1

Back To Africa: encouraged Blacks to return to their homeland in Africa  
NAACP: although founded in 1909, gained more recognition and helped gain and protect the rights of African Americans and prevent discrimination  
KKK: against Catholics, Jews, Blacks, Saloons, immigrants, and unions



# The U.S. Becoming Tech Savvy

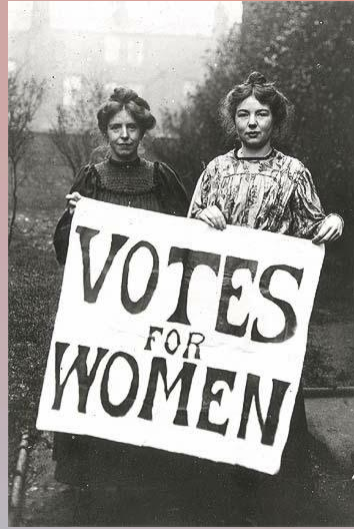
- The effects of technological advancement
  - Better/faster communication, more jobs, urbanization, electricity made running a household easier
- Automobiles opened up opportunities for new jobs
  - \* Gas Stations, Motels, Repair Shops
- Print Methods of communication existed (literacy rate was rising) but radio was the most powerful communications medium.



# Women of the '20s

- Women had more freedom in the 1920s
  - The right to vote and more job opportunities
  - Women began to join the workforce as nurses, teachers, secretaries, and sales clerks
    - Paid less than men
- **FLAPPER**
  - Emancipated young women who embraced new fashions and urban attitudes
  - Challenged traditional ways





# Prohibition

- **18<sup>th</sup> Amendment:**
  - No production, transportation, or consumption of alcohol
  - Only lasted from 1920-1933 when it was repealed by the 21<sup>st</sup> Amendment
- **Supporters:**
  - Primarily from the West and South
  - Believed alcohol led to child and wife abuse, crimes, and accidents
- **Led to speakeasies and bootleggers**
  - Speakeasies—hidden, underground saloons
  - Bootleggers—people who smuggle alcohol from Cuba, Canada, and the West Indies for profit

- **Why was it repealed?**
  - Because government didn't spend the money needed to enforce it
  - By the mid-1920s, only 19% of Americans supported Prohibition
  - Many felt Prohibition caused more problems than it solved

## Results of Bootleggers and Speakeasies... ORGANIZED CRIME!



- Al Capone:
  - “Scarface”
  - Famous Bootlegger
  - Took control of the Chicago liquor business by killing off his competition
  - Sent to jail in 1931 for tax evasion

# Entertainment

- Movies offered a means of escape
  - By the 1930s millions of people went to the movies each week
    - *Jazz Singer*
      - First sound movie “talkie” (1927)
    - *Steamboat Willie*
      - First animated movie (1928)
  - Movies were the 4<sup>th</sup> largest industry in the U.S.
  - Dancing!!! Charleston was most popular 😊

## Sports

- Babe Ruth
  - Baseball player
  - American Hero who played for the Yankees
- Jack Dempsey and Gene Tunney
  - Famous boxers
- Red Grange
  - Made football more popular
- Tennis and golf became more popular

2

Babe Ruth had 60 homeruns just in 192

## Musical Trends

- The Jazz Age
- Rebellious
- Inspired Dance Styles
- Fast-Paced Race of Society





# Great Depression

## “A Chicken in Every Pot”

- Hoover won the presidency on his phrase “A chicken in every pot”
- Tax cuts by Hoover gave more money to business owners



## Economic Times a Changin'

- Farmers were hit especially hard by the businesses cycles of the 20s and 30s
  - Struggling with overproduction
  - Dust Bowl
- Banks also suffered
- What do people do when they have no money for housing? Food?
  - \*They gather in communities known as Hoovervilles

2

As banks called in loans, thousands of businesses closed, unable to pay their debts. When people could not pay their rent, their landlords evicted them. People, who had never been homeless before, began to gather in communities known as Hoovervilles. People blamed Hoover for the Great Depression. Hoover believed in RUGGED INDIVIDUALISM and believed people had to use their own efforts to rescue themselves from the economic downturn.

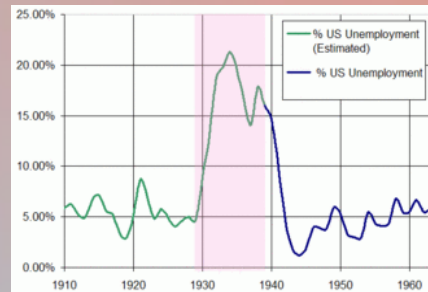
# Laissez-Faire

- Harding and Coolidge's Laissez-Faire policy resulted in the stock market crash on October 29<sup>th</sup> (Black Tuesday)
- Laissez-Faire made the banking system weak
  - People did not pay back loans
  - Gov't couldn't support the banks in trouble



## America in its Worst State

- At its highest point during the Great Depression, unemployment reached 25% (in 1933)
- Before the start of the Great Depression, there were 25,000 banks in the United States. By 1933, almost half of those banks (11,000) had failed.



## Bonus Army

- WWI veterans gathered outside the white house demanding wartime pensions
- Hoovers reaction made a big dent in his public relations



## A Brand New Administration

- Franklin D. Roosevelt wins the election of 1932 by a landslide because he offered change at a time when America was in desperate need of government aid.
- Hoover was also not very well liked at this point.



## Recovery and Reform

- FDR passed 15 major bills in his first days in office
  - He named his policy the “**New Deal**”

The New Deal dealt with policies involving...

- Deficit Spending
- Reforms
- Gradual return to a welfare state
- Executive Branch
- Democratic Party

3

Deficit Spending: The Fed Gov't has to borrow money as it spends more money on New Deal Programs than it takes in from taxes

Reforms: Some New Deal reforms stabilized our economy in the long term (such as the FDIC and a stronger Federal Reserve System)

Welfare State: US begins to take more responsibility for its citizens (ex: Social Security)

Executive Branch: strengthened (the office of the presidency in particular)

Strengthened Democratic Party by securing the support of organized labor, African Americans, and the working class



## New Deal

- FERA → replaced by WPA
- Civil Works Administration
- Federal Deposit Insurance Corporation
- Tennessee Valley Authority
- Civilian Conservation Corps
- Emergency Banking Act
- Farm Credit Act
- NIRA

## Helping the Job Crisis

- FERA/WPA
  - Supplied money to the states to help the jobless
- PWA
  - Provided jobs in construction of public facilities such as power plants, water pipes, and hospitals
- CWA
  - Created jobs during FDR's first winter in office
- CCC
  - Provided jobs for young men to preserve nature
- TVA
  - Opened jobs in the production dams which laid way to making electricity widely available to rural areas

3

Federal Emergency Relief Act

Public Works Administration

Civil Works Administration: build 40,000 schools

Civilian Conservation Corps: Also helped out the environment!

Tennessee Valley Authority: Renovated t existing dams and constructed 20 new ones

# Reforming the Banking System

- FDIC
  - (Glass-Steagall Act) federally insured bank deposits to prevent bank failures
- EBA
  - Banks had to be inspected and federally approved to operate in the U.S.



3

Some people criticized the new deal because

- It did not go far enough
- It should do more to help senior citizens (Townshend)
- It violates private property and interferes with business interests (American Liberty League)
- Gave too much power to president (Supreme Court)

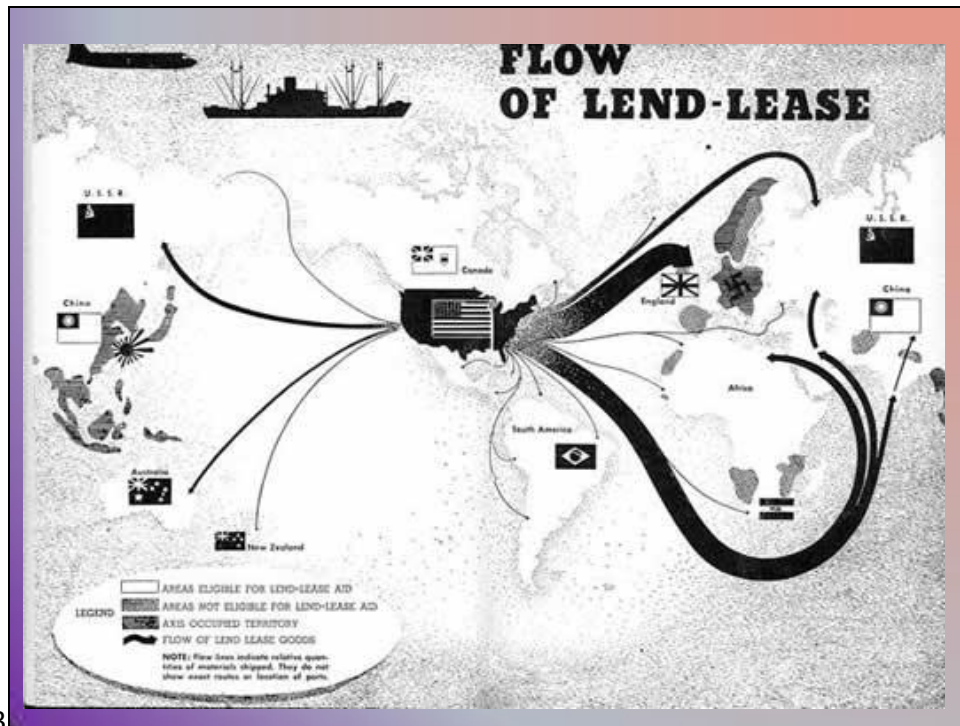
# Fair Labor

- FDR passed the National Labor Relations Act (Wagner Act) and the FLSA to create a fair labor system
  - Wagner Act
    - Established workers rights to collectively bargain
    - Created the National Labor Relations Board
  - FLSA
    - Set standards for minimum wage, overtime pay, record keeping and youth labor

# The Light at the End of the Tunnel

- WWII brought America out of Depression
- Lasting Effects?
  - Increase scope of gov't power
  - Gov't provides "safety net"







Quiz Time!!

## Question 1

After World War I, the American work force became more automated by:

- a) Women
- b) Machinery
- c) Farming
- d) African-Americans



## Question 2

Who was the woman who advocated birth control?

- a) Jane Addams
- b) Betty Friedan
- c) Margaret Sanger
- d) Francis Perkins

### Question 3

Which individual was **not** involved in the famous trial involving a clash between science and religion?

- a) William Jennings Bryan
- b) Earl Warren
- c) Clarence Darrow
- d) John Scopes

## Question 4

How was W.E.B. Dubois active in the African American Civil Rights Movement?

- a) Co-founded NAACP
- b) Created the “Back to Africa” Movement
- c) Became a famous African American Jazz Trumpet Player
- d) Wrote poems about the Harlem Renaissance

## Question 5

What is the “money term” that allows Americans to buy goods over an extended period of time?

- a) Easy Credit
- b) Buying on Margin
- c) Stock Breaking
- d) Installment Plans

## Question 6

What is the phrase that won Herbert Hoover the presidency?

- a) "Return to Normalcy"
- b) "He Kept us out of War"
- c) "A Chicken in Every Pot"
- d) "Patriotism, Protection, and Prosperity"

## Question 7

Three of the following statements accurately describe the condition of blacks during the Great Depression. Which is the **exception**?

- a) Blacks suffered a higher unemployment rate than whites
- b) Discrimination against blacks increased, particularly in competition for jobs
- c) The migration of blacks to the north ended abruptly
- d) Local government and private relief benefits for blacks were smaller than for whites

## Question 8

Match the following New Deal Programs to their purpose:

a) PWA

b) TVA

c) CCC

d) FDIC

I. Opened jobs in the production of dams

II. Provided Jobs for young men to help preserve nature

III. Provided jobs in construction of public facilities such as power plants, water pipes, and hospitals

IV. Federally insured bank deposits to prevent bank failures

## Answer Key

1. B
2. C
3. B
4. A
5. D
6. C
7. C
8. A-III   B-I   C-II   D-IV





El Fin!