

Period 1 Ch. 31 and 32

Group 1

The Republican “Old Guard” Returns

The United States retreated from its brief international fling during World War 1 and resumed with vengeance traditional foreign policy of military un-preparedness and political isolationism. Warren G. Harding was inaugurated in 1921. He was unable to detect corruption in his own staff. He was a very soft guy in that he hated to say "no," hurting peoples' feelings. Charles Evans Hughes was the secretary of state. Andrew W. Mellon, a multimillionaire from Pittsburgh, was the secretary of the Treasury. Herbert Hoover was the secretary of commerce. Those men were considered Harding's brightest and most capable officials but they were often overshadowed by two of the worst. Senator Albert B. Fall, an anti-conservationist was the secretary of the interior, and Harry M. Daugherty, a crook was the attorney general.

GOP Reaction at the Throttle

Industrialists wanted the government to stop legislating business and to actually help businesses make profits. The Old Guard hoped to improve the old business doctrine of laissez-fair. In the first years of the 1920s, the Supreme Court struck down progressive legislation by killing federal child-labor law. In 1923, the Supreme Court ruled in *Adkins v. Children's Hospital* that women did not deserve special protection in the workplace. They said that the 19th Amendment made women the legal equals of men.

Corporations under President Harding could expand without worries of antitrust laws, big industrialists had the free hand to set up trade associations. The Interstate Commerce Commission was led by men who were sympathetic to the managers of the railroads.

- The Legion also became notorious for its aggressive lobbying for veterans benefits. The chief concern was monetary – they wanted their “dough.”
- Critics denounced the this demand as a holdup, but the veterans deployed heavy political artillery, and managed to pass a bonus bill and passed the Compensation Act which gave every soldier a paid-up insurance policy due in twenty years.
- America Seeks Benefits without Burdens
- The most pressing problem Harding faces was making peace with the “fallen foe.”
- The United States, having rejected the Treaty of Versailles, was still technically at war with Germany, Austria, and Hungary – even though it had been three years since the armistice
- Peace was finally achieved by lone-wolf tactics; congress passes a simple, joint resolution that declared the war over
- Isolation was enthroned in Washington; the Harding administration continued to regard The League of Nations as a thing unclean
- Harding, at first, refused to even support the League’s world health program – but the new world body was too important to ignore
- Harding could not completely turn his back on the outside world, especially in the MiddleEast, where a sharp rivalry developed between America and Britain for oil-drilling concessions
- Remembering that the allies had “floated to victory on a flood of oil” – experts recognized oil would be as necessary as blood in the battles of tomorrow
- Secretary Hughes eventually secured for America oil companies the right to share in the exploitation of the sandy regions oil riches
- Disarmament was one international issue Harding seized on, but he was forced to financethe ambitious naval building program started during the war himself

- A deadly contest was shaping up with Britain, and Japan which were alarmed as the oceans filled up with American vessels – Britain still commanded the world’s largest navy, but the clatter of American riveters proclaimed that America would soon overtake it
- Public agitation in America, fed by these worries, brought about the Disarmament conference – invitations went to all major naval powers (except Bolshevik Russia)
- The double agenda included naval disarmament and the situation in the Far East
- Secretary Hughes startles the delegates, who were expecting the usual diplomatic fence-straddling, with a comprehensive plan declaring a ten-year “holiday” on the construction of battleships and even scraping some of the huge dreadnoughts which were already built
- He also proposed that the scaled-down navies of America and Britain should enjoy parity in battleships and aircraft carriers, with Japan on the small end of a 5:5:3 ratio
- Complex bargaining followed in the wake of Hughes’s proposal – The Five-Power Naval Treaty embodied Hughes ideas on ship ratios, but only after face-saving compensation was offered to the insecure Japanese
- The British and Americans both conceded that they would refrain from fortifying their far Eastern possessions, including the Philippines – although the Japanese were not subject to such restraints
- In addition, a four-power treaty replaced the twenty-year-old Anglo-Japanese alliance – the new pact bound Britain, Japan, France, and the United States to preserve status quo in the Pacific
- Finally, the Washington conference gave China a shot in the arm with the new Nine-power treaty; which nailed wide open the open door in China
- No restrictions had been placed on small warships, and the other powers churned ahead with the construction of cruisers, destroyers, and submarines
- Congress also declared it would make no use of armed force to ratify the Four-Power Treaty
- Americans clamored for the “outlawry of war” – a conviction that if quarreling nations would only take the pledge to forswear war as an instrument of national policy, swords could be beaten into plowshares
- Calvin Coolidge was lukewarm about this idea but after receiving two million signatures in Washington he signed the famed Kellogg-Briand Pact
- This new parchment peace was delusory in the extreme. Defensive wars were still permitted, and what scheming aggressor could not cook up an excuse of self-defense – lacking muscles and teeth; the pact was a diplomatic derelict which lulled an idea of false security.

Group 2

- “Hiking the Tariff Higher”
 - In 1922 Congress passed the comprehensive Fordney-McCumber Tariff Law.
 - Raised the tariff from 27% to 35%.
 - Some farmers opposed the Fordney-McCumber Tariff, blaming it for the agricultural depression.
 - In six years thirty-two upward changes were authorized, including on their list vital commodities.
 - The White House ordered only five reductions in those six years.
 - The president was authorized to reduce or increase duties by as much as 50 percent.
 - Europe needed to sell goods to the U.S. to get the money to pay back its war debts.
 - The American example spurred European nations, throughout the feverish 1920s, to pile up higher barriers themselves.
- “The Stench of Scandal”

- The loss of morality and the ability to obtain large sums of money incredibly fast led to huge scandals in the Harding Era
- In 1923, Colonel Charles R. Forbes, an appointee of Harding, stole \$200 million from veterans' hospital buildings
- **Teapot Dome Scandal** - In 1921, secretary of the interior, Albert B. Fall, leased the naval oil reserves at Teapot Dome (Wyoming) to Harry F. Sinclair and Edward L. Doheny after receiving a \$400 thousand bribe
- In 1923, the Teapot Dome bribe was leaked, Sinclair and Doheny were acquitted but Fall was convicted
 - The Washington government lost its prestige and trust from the common people
- A Senate investigation in 1924 on illegal sales of pardons and liquor permits forced Attorney General Daugherty to resign, but failed to be convicted during trial
- Harding died before these scandals, as he died in San Francisco of pneumonia and thrombosis during a speechmaking tour
- "Silent Cal" Coolidge
 - John Calvin Coolidge Jr. was born in Plymouth, Notch, Vermont
 - On July 4th, the only president to be born on independence day
 - His mother died of tuberculosis and his brother died of appendicitis
 - Then became the mayor of Northampton
 - He increased wages for teachers, removed some debt, and made a slight tax decrease
 - Coolidge's Support for women's suffrage earned him the re-election to the senate
 - He then became the governor of Massachusetts
 - He ran on fiscal conservatism, pro woman's suffrage, anti-prohibition, and pro WWI involvement
 - After he became vice president, president Harding died unexpectedly giving Coolidge the presidency
- Frustrated Farmers
 - During WWI the farmers were raking in the dough
 - Afterwards not so much
 - Prices fell as the government could no longer guarantee high crop prices
 - Gas powered machines increased productivity of farms
 - This increased supply as the demand fell
 - 1 in 4 farms were sold due to debt or taxes
 - Farmer's Bloc is formed
 - McNary-Haugen Bill

Group 3

- Republicans nominate Calvin Coolidge for the presidency in 1924 at their nominating convention in Cleveland
 - Platform: endorse business development, low taxes, and rigid economy
- Democrats hopelessly split when they met in New York
 - Eventually unenthusiastically choose John W. Davis
 - Platform: lower tariff, otherwise similar to republican platform
- Robert La Follette, age 69, leads a new Progressive party
 - Platform = government ownership of railroads, relief for farmers, lash out at monopolies and anti-labor, urge amendment to limit Supreme Court's power to invalidate laws

- La Follette poll 5 million votes
- Coolidge win the election with 15,718,211 votes,
- Davis take second with 8,385,283 votes
- 382 electoral votes for Coolidge, 136 votes for Davis, 13 votes for La Follette
- La Follette injected much needed liberal tonic into the prosperous decade
- Times too good for La Follette's message to carry throughout the nation
- Isolationism reign
- Senate unwilling to allow U.S adhere to World Court = League of Nations
- Coolidge only halfheartedly pursue naval disarmament after Washington Conference
- Armed interventionism in Caribbean and Central America
 - Troops in Haiti and Nicaragua
- Critics assail the "yanqui imperialism"
- American oil companies call for military expedition to Mexico in 1926
 - Mexican government had asserted sovereignty over oil resources
- International debts were a complicated issue during the 1920s
 - Private loans, Allied war debts, and German reparations payments were still present
- World War I reversed the international position of the United States
 - Before WWI, the United States had been a debtor nation of about \$4 Billion
 - By 1922, the United States had become a creditor nation of about \$16 Billion
 - In the 1920s, American investors loaned \$10 Billion to foreigners
- The Key debt issue was the \$10 Billion that the U.S. Treasury had loaned to the Allies during and immediately after the war.
 - The U.S. wanted to have these debts paid, but the Allies thought that this repayment was unfair.
 - The Allies argued that the U.S. should write off its loans as war costs because they had lost so many people in the war.
 - Allies also argued that their borrowed dollars had been the fuel to the boom in the roaring war time economy in the United States.
 - As a final straw, Europeans protested that America's postwar tariffs made it impossible for them to sell goods in the United States to pay their debts
- Because the United States was demanding repayments on European debts, the Allies were more hard-pressed to get their money from conquered Germany
- The French and British demanded that the Germans make enormous reparation payments, totaling \$32 Billion, as compensation for war-inflicted damages.
- The French, wanted to extort lagging reparations payments, sent troops into Germany's industrialized Ruhr Valley in 1923.
 - In response, Germany permitted their currency to inflate astronomically.
 - At one point in October 1923, a loaf of bread cost 480 million marks (\$120 Million)
 - This put German society on the brink of anarchy and threatened world markets
- Statesmen in the United States argued that war debts and reparations should be drastically scaled down, if not eliminated entirely.
 - The American people, however, demanded that these debts be paid.
- The Dawes Plan of 1924 rescheduled German reparations payments and opened the way for further American private loans to Germany.

- This made the financial cycle more complicated as U.S. bankers loaned money to Germany, which Germany used to pay Britain and France, and they then paid that money to the United States.
- In 1929, when the United States' stock market crashed, this financial cycle crashed
 - In response, President Hoover declared a one-year debt moratorium in 1931, and after a while, all debtors, with the exception of Finland, defaulted on their debts.
- In the end, the United States never got its money, and instead created a European distaste for Americans.
- When Calvin Coolidge decided not to run for re-election in 1928, the Republicans chose Herbert Hoover. Hoover supported **isolationism**, individualism, free enterprise, and small government. He was a good leader. Other strengths were his integrity, humanitarianism, passion for assembling the facts, efficiency, talents for administration, and ability to inspire loyalty in close associates.
- The Democrats nominated Alfred E. Smith. He was a Roman Catholic in an overwhelmingly Protestant country.
- For the first time, the radio was widely used in election campaigns. It mostly helped Hoover's campaign.
- Smith was unable to win the South due to a combination of his Catholicism, opposition to prohibition, and liberal ideals. **Herbert Hoover won the election of 1928** in a landslide, becoming the first Republican candidate in 52 years (except for Harding's Tennessee victory), to win a state that had seceded. He bagged 21,391,993 popular votes to 15,016,169 for his embittered opponent, while rolling up an electoral count of 444 to 87. He swept 5 states of the former Confederacy, as well as all of the Border States. A huge Republican majority was returned to the House of Representatives.

Group 4

President Hoover's First Moves

- There was high prosperity in the late 1920's under President Herbert Hoover.
- Stocks on the market were soaring
- Two prevalent groups of citizens were not getting their share of the wealth that was flowing from the nation.
- To aid the wounded farmers, Hoover's administration passed the Agricultural Marketing Act in June of 1929.
- This act was designed to help the farmers help themselves through producers' cooperatives and also set the Federal Farm Board
- This Board had a half a billion dollars in funds at its disposal.
- Money was lent very generously to farming organizations who sought to buy, sell, and store agricultural surpluses.
- In 1930, the Federal Farm Board created the Grain Stabilization Corporation and the Cotton Stabilization Corporation.
- The main goal to come out of the creation of these companies was to bolster sagging prices by buying up surpluses. This plan failed however when the two companies were suffocated by a mountain of farm produce.
- The value of crops such as wheat and cotton dropped drastically
- Hoover had promised to call Congress into session to discuss agricultural relief and to bring about limited changes in the tariff.
- This pledge may have gotten him elected because it won him many votes from the Midwestern belt.

- The Hawley-Smoot Tariff was passed in 1930. It started out in the House as a protective measure, designed to assist the farmers. However by the time it reached the Senate, it had acquired about a thousand amendments.
- The Tariff thus became the highest protective tariff in the nation's history.
- The average duty on goods was raised from 38.5% to 60%.
- To foreigners, The Hawley-Smoot Tariff seemed like a declaration of economic warfare on the entire outside world.
- They were angered because the Tariff reversed a preeminent worldwide trend toward reasonable tariffs and because it widened the trade gaps.
- It sunk America and other nations even further into the depression that had already begun.
- It increased international financial chaos and pushed America further into economic isolation.
- Economic isolationism played in favor of the hands of Adolf Hitler.

The Great Crash Ends the Golden Twenties:

- Herbert Hoover took the presidential oath on March 4, 1929
- When he took office, there were not many problems with the economy
- America was booming with the invention of the automobile, radio, movies, and other new industries that would lead to lots of prosperity.
- Prices on the stock exchange were spiraling upward even though Hoover was trying to curb speculation through the Federal Reserve Board.
- There were some terrible problems that made some people become concerned, but that was mostly drowned out by the prosperity of the country at the time.
- Then the Catastrophic Crash in 1929 came.
- The British raised interest rates to bring back capital that was attracted by American investments.
- Foreign investors and domestic speculators began to sell their "Insecurities".
- Then there was a tension build up on the Black Tuesday of October 29, 1929 when over 16 million shares of stock were sold in a scramble.
- Wall Street was not in a good place because boom was replaced by doom and gloom when many people started to commit suicide over the stock market crashing.
- A blue-chip stock is a well-established and financially stable company that has operated for many years. The number of these blue-chip securities that were losses was overwhelming.
- By the end of 1929, stock holders lost \$40 billion in paper value which was more than what WW1 costed to the U.S.
- The crash drew America into a Great Depression where people over 4 million Americans were jobless by the end of 1930.
- Then two years after that, the number tripled.
- There were no jobs being for hire and many people's salaries and wages were being cut, not to mention the number of people being laid off and fired.
- Over 5,000 banks collapsed in the first three years of the Great Depression, which carried down over tens of thousands of life savings from citizens.
- Breadlines and soup kitchens began to form because people were not able to afford food or a home or clothes.
- Breadless breadwinners of the households often blamed themselves for the state their family was in even though there was obvious evidence of the economic crash.

- The Depression even slowed down the birth rate of America. Women were having fewer babies because they would not be able to take care of many.

Hooked on the Horn of Plenty:

- One cause of the Great Depression was overproduction by both farm and factory.
- The Great Depression was known as the “Great Glut” or the “Plague of Plenty” because it was abundance rather than want.
- The US had the ability to produce lots of products but failed to consume or pay for them.
- A large amount of the nation’s money went to a few wealthy people who then used that money to invest in factories and other production agencies.
- This caused people to not get enough money in salary or wages which demolished purchasing power for the nation.
- Overexpansion of credit overstimulated production which put many, many consumers in debt.
- Normal unemployment which was a result of new laborsaving machines, added its burden to the abnormal unemployment of the “threadbare thirties”.
- The Depression was worsened by the chain-reaction financial collapse for the US in Europe.
- International trade began to slow down increasingly due to the Hawley-Smoot Tariff.
- More things worsened for the US in Europe. The reparations, war debts, and defaults on loans made it hard for the US.
- A terrible drought came about in the Mississippi River Valley in 1930 where thousands of farms were sold at auction for taxes. Farm tenancies or rentals became more popular among both blacks and whites.
- The Depression took a toll on American citizens. They wanted to work, but there was no work to be done and along with that, there were a lot of natural disasters that people had to deal with during this time when they had no money for it.
- People used “Hooverilles” which were old oil drums that people would cook their food over. Some people even fought over garbage cans.

Rugged Times for Rugged Individualists

- Hoover’s reputation as a “miracle man” crashed along with the stock market.
- He was unable to prevent the Great Depression
- As a humanitarian, he was distressed by the misery around him. However, as a “rugged individualist,” he was against government handouts.
- As the nightmare that was the Great Depression worsened, Hoover was forced to accept the fact that the welfare of the people in a nationwide catastrophe is a concern of the national government.
- Hoover came up with a compromise. In this compromise, Hoover would assist the hard-pressed railroads, banks, and rural credit corporations, in the hope that if financial health were restored at the top of the economic pyramid, unemployment would be fixed at the bottom.
- He believed success from the top of the economic pyramid would trickle down to the bottom.
- Critics sneered at Hoover because he was not willing to fund Americans.
- Commentators believed that Hoover was only willing to lend money to the big bankers who had allegedly plunged America into the Depression.
- They also criticized him because he lent money to agricultural organizations to feed pigs-but not people.
- Although suffering continued during this time, Hoovers’ efforts prevented a more serious collapse.

- His expenditures for relief paved the path for the federal outlays in Franklin D. Roosevelt's "New Deal."

Group 5

Hoover Battles the Great Depression

- President Hoover secured \$2.25 billion in funding for public works projects
- Though an anti-spender, Hoover considered the project to be worth the sum
- The largest part of the project was the Hoover Dam, which was placed on the Colorado River
 - The dam had already been voted on by Congress under Coolidge's presidency, was continued under Hoover's presidency, and completed under Roosevelt
 - The dam succeeded in its goals of advancing the causes of irrigation, flood control, and electric power
- President Hoover fought everything he considered to be "socialistic", including the Muscle Shoals Bill which provided for the damming of the Tennessee River. Hoover did not think the act wise due to the competition it would cause between the government and private electric companies.
- Hoover appealed Congress to establish the Reconstruction Finance Corporation (RFC)
 - This measure was designed to provide financial relief by aiding insurance companies, banks, railroads, and state/local governments, but did not loan money to individuals
 - The loans provided by the RFC aided the economy and the largest benefactors of the organization were the government and large corporations
- In 1932, Congress passed the Norris-La Guardia Anti-Injunction Act
 - This act outlawed anti union contracts and forbade federal courts from restraining strikes, picketing, and boycotts
- Altogether, Hoover started to change the role of government by using government to aid needy citizens
- Throughout his presidency, Hoover and Congress continually fought and did not achieve as much as possible

Routing the Bonus Army

- WWI veterans were some of the hardest hit during the Great Depression
 - The veterans started to push for the early payment of the deferred bonus which was supposed to be payable in 1945
- Thousands of these veterans gathered in Washington to demand the payment of their bonus, in full
- This push created the Bonus Expeditionary Force (BEF), where 20,000 veterans pushed into Washington D.C. in the summer of 1932
 - This group formed unhealthy public camps to house all of its members and called it "Hooverville"
 - The unsanitary conditions of the camp and their large numbers were meant to force Congress into passing the bonus bill
- Congress did not pass the bill, and Hoover offered to pay the return fare of 6,000 marchers and ordered the BEF to decamp
- Riots occurred soon after and cost two lives; in response, Hoover ordered the army to evacuate the BEF
- General Douglas MacArthur violently carried out the evacuation with such extreme measures as bayonets and tear gas, and the burning of the camp
- The evacuation was later dubbed the "Battle of Anacostia Flats"
- The episode only added to Hoover's unpopularity which had also been inflated by Democrat-hired smear artists
- Hoover was unfairly blamed for the depression when in reality the public had thought too much of the "Great Engineer" and expected him to achieve the impossible

Japanese Militarists Attack China

- Japanese take advantage of the world's depression and attack Manchuria (Northeastern), China in September of 1931
- Bolt shut the "Open Door" policy
- America had an emotional stake in China but few economic stakes
- More commercial ties with Japan
- Americans stunned by this aggression
- Went against international agreements signed by Tokyo and the League of Nations
- Americans, not the majority, urged for blockades and boycotts of Japan
- A blockade by League of Nations, backed by US, could have stopped Japan
 - US refused to be apart of the league
- Washington refused to incorporate and place economic pressure on Japan
- Sec. of State Henry L. Stimson only decided to fire paper bullets
- The Stimson doctrine: US won't recognize any territory achieved by force
- Japan pays no mind to doctrine and bombs Shanghai in 1932
 - Shocking losses to civilians
- Americans boycott Japanese goods
 - Mostly dime-store knickknacks
- Depression ridden Americans didn't want to take up arms
- League members had power to stop Japan but no courage without American support
- Start of WWII due to lack of collective security among nations

Hoover Pioneers the Good Neighbor Policy

- Hoover interested in troubled nations below the Rio Grande
- Had taken a goodwill tour of Latin America
 - Ironically on a US battleship
- World depression softened opinions toward Latin American countries
- After stock market collapse, less money to invest abroad
- Millions of dollars in investments in Latin America went bad
- Many Americans felt they were being preyed on whether than doing the preying
- Economic imperialism became less important
- Wanted to abandon the interventionalist twist of the Monroe Doctrine
- 1932: New treaty with Haiti
 - Complete withdrawal of American troops by 1934
- 1933: Marines leave Nicaragua after almost 20 years
- Foundation stones of Good Neighbor Policy

Group 6

Group 7

- **Roosevelt Manages the Money**
 - The chaos with the bank called for immediate action
 - Created the Emergency Banking Relief Act
 - FDR was known as the master showman because he did very well in front of the press.
 - Few presidents before this or after this have mastered the press. Most end up with bad publicity flaunted to the public.
 - The president went to the radio to deliver the first of his 30 famous "fireside chats"
 - Confidence for the banks returned and the doors were opened.
 - After the emergency time period where banking was a problem, Congress supported the idea of bank by enacting the Glass Steagall Banking Reform Act
 - Next FDR moved on to focus on the gold and prevent frantic hoarding.
 - He ordered all of the private holdings of gold to be turned into the treasury for paper money and take the nation off of gold standard

- The goal of Roosevelt's "managed currency was inflation, he believed it would relieve debtor's burdens and stimulate new production
 - His key instrument for achieving inflation was gold buying
 - The gold buying time ended in February of 1934 when Franklin D Roosevelt returned the nation to a limited gold standard for trade only
 - The United States pledged to pay foreign bills in at the rate of one ounce of gold for every \$35 due if requested
- **Creating Jobs for the Jobless**
 - Even more than the push for better banks was the overwhelming unemployment which asked for immediate change to happen
 - This what was highest level of unemployment in history before or since this time
 - Congress created the Civilian Conservation Corps (CCC)
 - Federal Emergency Relief Act
 - Harry L Hopkins
 - Immediate relief, as the Federal Emergency Relief act wanted, was also given to two groups by the Hundred Days Congress
 - Agricultural Adjustment Act
 - Home Owner's Loan Corporation (HOLC)
 - Civil Works Administration
- **A Day for Every Demagogue**
 - Demagogue= a political leader who seeks support by appealing to popular desires and prejudices rather than by using rational argument
 - there was an appearance of many demagogues during this time, on by the name of Father Charles Coughlin who was a catholic priest in Michigan.
 - a man named Huey Long from Louisiana used his talents to excite people and publicize his "Share Our Wealth" program
 - During this time, authoritarian rule was getting stronger in Japan and Adolf Hitler was getting absolute authority over Germany.
 - To quiet this stress, Congress authorized the Works Progress Administration in 1935.
 - It was started under a man by the name of Hopkins and they spent \$11 billion on thousands of public buildings, bridges, and hard surfaces roads.
- **New Visibility for Women**
 - American women want more of a face in the nation's political and intellectual life.
 - Mary Mcleod Bethune was the director of the Office of Minority Affairs in the National Youth Administration. She was well known because she was a strng African American woman.
 - Women made important contributions in social sciences, especially in anthropology.
 - Mead has an impressive collection of 34 of her books in the American Museum of Natural History.

Group 8

Helping Industry and Labor

- National Recover Administration (NRA)
 - Created to eliminate "cut throat competition" by creating new codes for better labor practices
 - Designed to help industry, labor, and the unemployed

- Individual industries
 - Better labor codes
 - Labor hours reduced
 - Employment for more people
 - Maximum hours created
 - Minimum wage created
- Labor under NRA
 - Organize and bargain through personally chosen representatives
 - Restrictions placed on child labor
- Industrial Recovery
 - Patriotism
 - Self-denial of management and labor
 - Meetings and parades
 - Symbol: blue eagle
 - Football team: Philadelphia Eagles
- Enthusiasm eventually leads to struggle
 - Increase in business activity for a little while
 - Too much self sacrifice expected in labor and industry
 - People displayed their loyalty but broke codes
- Collapse
 - Congress could not “delegate legislative powers”
 - Congress could not control interstate commerce of small businesses
- Public Works Administration (PWA)
 - Industrial economy and unemployment relief
 - Long range recovery
 - \$4 billion spent on projects
- The greatest achievement: The Grand Coulee Dam
 - Irrigation
 - Abundant power and water during WWII
- Repeal of prohibition amendment
 - Raise federal revenue
 - Provide employment
 - Light wine and beer legalized
 - 21st Amendment

Praying Farmers Not to Farm

- Farmers had it hard since the war. They were overproducing at low prices.
- With depression conditions for farmers became even worse and there were numerous mortgage foreclosures
- Farmers tried to prevent shipment of their goods to glutted markets
- Emergency Congress established the Agricultural Adjustment Administration (AAA)
 - Certain goods had a set price they sold for. This helped improve conditions for farmers
- The AAA eliminated price-depressing surpluses by paying farmers to reduce their acreage
- To get money to pay the farmers, processors of farm products, such as flour mills, were taxed
- Unemployment increased because the government was paying farmers not to farm
- Supreme Court killed AAA in 1936 because the tax provisions were unconstitutional
- New Deal Congress passed the Soil Conservation and Domestic Allotment Act of 1936
 - Paid farmers for planting soil-conserving crops (soybeans) or to stop planting, to let land replenish
- Second Agricultural Adjustment Act of 1938

The Dust Bowl

- 1930s- a drought struck
- Continued plowing took off the layer of top soil
- The wind blew up huge dust clouds
- There were 14 dust storms in 1932 and 38 in 1933
- Emergency Banking Act of 1933- stabilized the banking industry and restored people's faith in the banking system by putting the federal government behind it
- The Emergency Farm Mortgage Act allots \$200 million for refinancing mortgages to help farmers facing foreclosure
- The Farm Credit Act of 1933 established a local bank and set up local credit associations
- Hundreds of thousands of people from Oklahoma and Arkansas made the journey to Southern California to try and escape the dust storms
- When refugees arrived, they were greeted by a sign that said “NO JOBS in California . . . If YOU are looking for work— KEEP OUT.”
- Eventually the Farm Security Association set up camps to house the refugees
- The drought is the worst ever in U.S. history, covering more than 75 percent of the country and affecting 27 states severely
- The Frazier-Lemke Farm Bankruptcy Act is approved. This act restricted the ability of banks to dispossess farmers in times of distress
- Roosevelt signs the Taylor Grazing Act, which allows him to take up to 140 million acres of federally-owned land out of the public domain and establish grazing districts that will be carefully monitored
- In 1935, the federal government forms a Drought Relief Service to coordinate relief activities. The DRS bought cattle in counties that were designated emergency areas, for \$14 to \$20 a head
- FDR approves the Emergency Relief Appropriation Act, which provides \$525 million for drought relief, and authorizes creation of the Works Progress Administration, which would employ 8.5 million people.
- By 1938 the extensive work re-plowing the land into furrows, planting trees in shelterbelts, and other conservation methods has resulted in a 65 percent reduction in the amount of soil blowing. However, the drought continued
- In the fall, the rain comes, finally bringing an end to the drought.

Battling Bankers and Big Business

- Reformist New Dealers wanted to curb the “money changers” who had invested in the in Wall Street for fast cash 1929
- The Hundred Days Congress passed the “Truth in Securities Act” (Federal Securities Act)
 - This required promoters to give all information to the investor no matter the soundness of the stock
- The Securities and Exchange Commission was passed by Congress in 1934
 - Caused stock markets to act more like trading markets and less like gambling casinos
- The Public Utility Holding Company Act of 1935 put a stop to this growth, unless it was deemed economically needed

Group 9

TVA Harnesses the Tennessee

- Electric power industry became a 13 billion dollar investment
- Along the Tennessee River, there were 2.5 million poverty stricken Americans
- TVA passed in 1933 by Hundred Days Congress

- TVA most revolutionary of the New Deal
- The areas along the Tennessee River transformed into the most flourishing regions of America
- Parallel enterprises happening in Columbia, Colorado, and Missouri River valleys

Housing and Social Security

- New Deal framed policies for sturdy house construction
- Federal Housing Administration (FHA) helped with speedy recovery and better homes
- Building industry stimulated by small loans to householders
- United States Housing Authority designed to lend money to states or communities for low cost construction
- Slum areas ceased growing, and even shrank
- Social Security Act of 1935
 - Provided federal unemployment insurance

A New Deal for Labor

- New Deal expenditures brought slackening of unemployment
- Strikes and walkouts in the summer of 1934
- National Labor Act of 1935
- National Labor Relations Board
- Unskilled workers organized into unions (John L. Lewis)
- Committee for Industrial Organization Federation of Labor
- Sit-down strike, Flint, Michigan
- U.S. Steel Company granted rights of unionization to CIO employees
- Little steel fought back, Memorial Day massacre
- Fair Labor Standards Act of 1938
- CIO broke ties with AF of L in 1938

Group 10

Landon Challenges “the Champ”

- With New Deal supporters at an all-time high, the Democrats renominated Franklin D. Roosevelt for his second term as President in 1936.
- Republicans had a hard time finding a candidate fit to run against “the Champ” until they settled on the Governor of Kansas, Alfred M. Landon
 - Landon was accepted some of the New Deal reforms, but disagreed with the currently popular Social Security Act
 - Republicans in general strongly disliked the FDR’s New Deal for its “radicalism, experimentation, confusion, and ‘frightful waste.’”
- § Former president Hoover called for a “Holy Crusade for liberty”, referring to the battle cry of the American Liberty League that fought “socialistic” New Deal schemes
 - This obviously angered FDR, welcoming the hatred
 - Even after a lot of fighting and nasty campaigning by the Republicans, the election of 1936 ended in an overwhelming landslide.
 - With Landon only locking Maine and Vermont, FDR won the popular vote 27,752,869-16,674,665 (about 11 million). Even worse, the Electoral vote ended 523-8, the most lopsided victory in 116 year (Monroe received all but one electoral vote over JQA)
 - Democrats now could claim two-thirds of the House and the Senate
 - With the election won, FDR gained support from the “needy economic groups” who appreciated the many benefits of the New Deal reforms
 - Several million Blacks could finally steer away from the Lincoln-driven support for Republicans
 - Roosevelt’s huge victory can be contributed mainly because he appealed to the “forgotten man” (the poor, blacks, the South)

- o Many supporters were only as loyal as the amount of money on their “relief” check, but now formed a strong bond with the lower class of America
- o Also gained support from “New Immigrants” (Catholics and Jews)
- § The once young immigrants who dealt through hardship and being scorned by society were now old enough to contribute politically
 - For example, the rate of judgeships going to Catholics went from 1 out of every 25 to 1 out of 4 under FDR

Nine Old Men on the Bench

- Roosevelt was sworn into presidency in 1937.
- The Twentieth Amendment was ratified in 1933. This shortened the period from election to inauguration by 6 weeks.
- Roosevelt wanted to continue the New Deal reforms.
- The Supreme Court was dominated by older ultraconservatives who attempted to stop many of the "socialistic" New Deal programs.
- With continuous Democrat wins in Congress and the presidency, Roosevelt felt that the American people wanted the New Deal. He argued that the Supreme Court needed to get in line with public opinion.
- In 1937, Roosevelt proposed legislation that would allow him to add liberal justices to the Court: a new justice would be added for every member over the age of 70 who would not retire.
- The plan received much negative feedback. The plan was referred to as the **Court-packing plan**.

The Court Changes Course

- Roosevelt’s **Court-packing plan** was created to expand the Supreme Court.
- The congress and the people were convulsed with this plan.
- Franklin double crossed Roosevelt’s plan by trying to break down the checks and balances of each branch of government.
- Mostly republicans, but some democratic citizens felt their basic liberties were in jeopardy.
- Justice Owen J. Roberts, thought to be a conservative, began voting for his liberal colleagues.
- In March of 1937, the court upheld the principle of a state minimum wage for women.
- This principle had a reversed stand the year before.
- A court more sympathetic to the New Deal by keeping the National Labor Relations Act and the Social Security Act.
- Roosevelt’s plan to expand the Supreme Court was declined when congress began paying fully for justices over seventy who had retired.
- One of the older conservative members resigned allowing Justice Hugo Black to replace him.
- Roosevelt had suffered his first major legislative defeat with his own party in the congress.
- Roosevelt still managed to win his campaign.
- Since the court became more pleased with the New Deal reforms, Roosevelt made 9 appointments to the tribunal.
- Roosevelt got to appoint 9 justices to the court because of a series of deaths and resignations of justices
- FDR ended up losing both the Court battle and the war.
- The New Deal reforms were passed after 1937, the year of the fight.

Group 11

Twilight of the New Deal

New Deal or Raw deal?

FDR’s Balance Sheet

The New Deal was a series of programs, including, most notably, Social Security, that were enacted in the United States between 1933 and 1938, and a few that came later.

Pump Priming: the stimulation of economic activity by investment

Keynesianism: the use of government spending and encouragement consumer spending

Hatch Act of 1939: This act barred federal administration officials, except the highest policy making officers, from active political campaigning and soliciting. It also forbade the use of government funds for political purposes, as well as the collection of campaign contributions from people receiving relief payments.

Some positive outcomes of the New Deal:

- o Social Security Act
- o Federal Security Agency
- o Home Owner's Loan Corporation
- o Public Works Administration
- o Civil Works Administration
- o Federal Housing Administration

Roosevelt's defenders claimed that the New Deal did not bankrupt the United States: the sensational increase in the national debt was caused by WWII, not the New Deal The national debt was only \$40 billion dollars in 1939 but \$258 billion in 1945