

CHAPTER REVIEW

SUMMARY

- **The Reactionary Twenties** With the end of the Great War, a renewed surge of immigration led to a wave of *nativism*. To Americans who feared that many immigrants were political radicals, the *Sacco and Vanzetti case* confirmed their suspicions. Nativists persuaded Congress to restrict future immigration, particularly from eastern and southern Europe, in the *Immigration Act of 1924*. Other reactionary movements reflected the feeling of many white Protestants that their religion and way of life were under attack. A revived Ku Klux Klan promoted hatred of Catholics, Jews, immigrants, Communists, and liberals, as well as African Americans. Fundamentalist Protestants campaigned against teaching evolution in public schools. Their efforts culminated in the 1925 *Scopes Trial* in Dayton, Tennessee, where a high school teacher was convicted of violating a state law prohibiting the teaching of evolution. Along with progressive reformers, conservative Protestants also supported the nationwide *Prohibition* of alcoholic beverages that had gone into effect in 1920, despite widespread disregard for the law and the increased criminal activity and violence associated with it. Union membership declined in the 1920s as businesses adopted new techniques (such as the so-called *open shop*) to resist unions, a conservative Supreme Court rolled back workers' rights, and workers themselves lost interest in organizing amid the general prosperity of the decade.
- **Republican Resurgence** Although the Eighteenth Amendment (paving the way for *Prohibition*) and the Nineteenth Amendment (guaranteeing women's right to vote) marked the culmination of progressivism at the national level, the movement lost much of its appeal as disillusionment with the Great War and its results created a public preference for disarmament and isolationism, stances reflected in the Five-Power Treaty of 1922. Warren G. Harding's landslide presidential victory in 1920 was based on his call for a "return to normalcy." Harding and his fellow Republicans, including his vice president and successor, Calvin Coolidge, followed policies advocated by Secretary of the Treasury Andrew Mellon that emphasized lowering taxes and government spending as well as raising tariffs to protect domestic industries. The plan succeeded spectacularly in reviving the economy. Harding died suddenly in 1923, soon after news broke about the *Teapot Dome Affair* involving a government-owned oil field in Wyoming, one of many incidents of corruption growing out of Harding's appointments. Coolidge, an austere, frugal man who identified with the interests of business, restored trust in the presidency and won reelection in a landslide in 1924. In the 1928 presidential election, Herbert Hoover, secretary of commerce under Harding and Coolidge, won a third straight decisive victory for the Republicans as Democratic candidate Al Smith.
- **The Great Depression** The 1929 stock market crash revealed the structural flaws in the economy, but it was not the only cause of the *Great Depression (1929–1941)*. During the twenties, business owners did not provide adequate wage increases for

workers, thus preventing consumers' "purchasing power" from keeping up with increases in production. The nation's agricultural sector also suffered from overproduction throughout the decade. Government policies—such as high tariffs that helped to reduce international trade and the reduction of the nation's money supply as a means of dealing with the financial panic—exacerbated the emerging economic depression.

- **The Human Toll of the Depression** Thousands of banks and businesses closed, and millions of homes and jobs were lost. By the early 1930s, many people were homeless and hopeless, begging on street corners and sleeping in doorways. Many state laws and business practices discouraged the employment of married women, and discrimination against African Americans, Native Americans, Hispanics, and Asian Americans in hiring was widespread.

CHRONOLOGY

- 1920 Prohibition begins
Nicola Sacco and Bartolomeo Vanzetti trial
Warren G. Harding is elected president
- 1921 Washington Naval Conference and Five-Power Treaty
Congress passes Emergency Immigration Act
- 1923 Teapot Dome scandal becomes public
President Harding dies in office and is succeeded by Calvin Coolidge
- 1924 Congress passes Immigration Act
Coolidge is reelected president
- 1925 Scopes "monkey trial"
- 1927 Sacco and Vanzetti are executed
- 1928 Herbert Hoover is elected president
- 1929 Stock market crashes in late October

KEY TERMS

- nativism p. 879
- Immigration Act of 1924 p. 880
- Sacco and Vanzetti case p. 880
- Scopes Trial p. 883
- Prohibition p. 886
- "return to normalcy" p. 889
- open shop p. 892
- Teapot Dome Affair p. 894
- Great Depression (1929–1941) p. 903

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Yet that is exactly what Franklin Delano Roosevelt sought to do in 1932 as he assumed the presidency. He would save capitalism by transforming it. Like his hero, his cousin Theodore Roosevelt, he believed that the basic problem of twentieth-century life was the excessive power of large corporations. Only the federal government could regulate corporate capitalism for the public benefit.

Few leaders have taken office in more dire circumstances. Yet within days of becoming president, Roosevelt took dramatic steps that forever changed the scope and role of the federal government. He believed that America's democratic form of government had the ultimate responsibility to help people who were in distress, not out of a sense of charity but out of a sense of obligation. Along with a supportive Congress, he set about enacting dozens of bold measures to relieve human suffering and promote economic recovery.

Roosevelt was an inspiring personality, overflowing with cheerful strength, strong convictions, and an unshakeable confidence in himself and in the resilience of the American people. He was also a pragmatist willing to try different approaches. His program for recovery, the New Deal, was therefore a series of trial-and-error actions rather than a comprehensive scheme. None of the well-intentioned but often poorly planned initiatives worked perfectly, and some failed miserably. Yet their combined effect was to restore hope and energy to the nation.

FROM HOOVERISM TO THE NEW DEAL

The Great Depression revealed Herbert Hoover to be a brilliant mediocrity. His initial response to the economic disaster was denial: there was no crisis, he insisted. All that was needed, he and others in his administration argued, was to let the economy cure itself. The best policy, Treasury Secretary Andrew Mellon advised, would be to do nothing. Letting events run their course, he claimed, would “purge the rottenness out of the [capitalist] system.” But Mellon's do-nothing approach did not work. Falling wages and declining land and home values made it even harder for struggling farmers, businesses, and households to pay their bills. With so many people losing jobs and income, consumers and businesses simply could not buy enough goods and services to reenergize the economy.

HOOVER'S EFFORTS AT RECOVERY

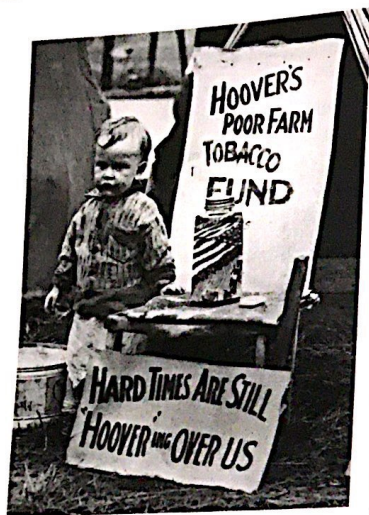
As the months passed, President Hoover proved less willing than Andrew Mellon to sit by and let events take their course. As the “Great Engineer,” he in fact did more than any previous president in addressing such calamitous economic circumstances. He invited business, labor, government, and agricultural leaders to

a series of White House conferences in which he urged companies to maintain employment and wage levels, asked union leaders to end strikes, and pleaded with state governors to accelerate planned construction projects so as to keep people working. He also formed committees and commissions to study various aspects of the economic calamity, and he cut the income tax. Yet nothing worked. Unemployment continued to rise, and wage levels continued to fall.

SHORT-SIGHTED TAX INCREASES The Great Depression was the greatest national emergency since the Civil War, and the nation was woefully unprepared to deal with it. As personal income plummeted, so did government tax revenues. President Hoover insisted on trying to balance the federal budget by raising taxes and cutting budgets—precisely the wrong prescription for a sick economy. He pushed through Congress the Revenue Act of 1932, the largest—and most poorly timed—peacetime tax increase in history. By taking money out of consumers' pockets, the higher taxes accelerated the economic slowdown. People had less money to spend when what the struggling economy most needed was increased consumer spending.



Hooverville Of the many Hoovervilles set up in Seattle, Washington, alone, this particular shantytown near the shipyards was the largest. It lasted nine years.



Young and hungry A toddler begs for change in one of the homeless camps.

HOOVER'S REACTION TO THE SOCIAL CRISIS By the fall of 1930, many cities were buckling under the strain of lost revenue and human distress. The federal government had no programs to deal with homelessness and joblessness. State and local governments cut spending, worsening the economic situation. All across the country, shantytowns sprouted in vacant lots. People erected shacks out of cardboard and scrap wood and metal. They called their makeshift villages *Hoovervilles* to mock the president. To keep warm, they wrapped themselves in newspapers, calling them *Hoover blankets*. As their numbers rose, more and more people called for government to step in. Frustrated by his critics, Hoover dismissed the concerns of “calamity mongers and weeping men.”

Hoover feared that the nation would be “plunged into socialism” if the government provided direct support to the poor. His governing philosophy, rooted in America’s mythic commitment to rugged individualism and free enterprise, set firm limits on emergency government action. The president still trumpeted the virtues of “self-reliance” and individual initiative, claiming that government assistance would rob people of the desire to help themselves.

Hoover hoped that the “natural generosity” of the American people and charitable organizations would be sufficient, and he believed that volunteers (the backbone of local charity organizations) would relieve the social distress caused by the Depression. But his faith in traditional “voluntarism” was misplaced. Local and state relief agencies were overwhelmed by the magnitude of the social crisis, as were churches and charitable organizations like the Salvation Army and the Red Cross.

RIISING CRITICISM OF HOOVER

That the economic collapse was so unexpected made people all the more insecure and anxious, and President Hoover increasingly became the target of their frustration. The Democrats shrewdly exploited his predicament. In

November 1930, they gained their first national election victory since 1916, winning a majority in the House and a near majority in the Senate.

Hoover refused to see the Republican election losses as a warning. Instead, he grew more resistant to calls for federal intervention in the struggling economy. By 1932, 15 million people were unemployed. The *New York Times* concluded that Hoover had “failed as a party leader. He has failed as an economist. . . . He has failed as a business leader. . . . He has failed as a personality because of [his] awkwardness of manner and speech and lack of mass magnetism.”

CONGRESSIONAL INITIATIVES With a new Congress in session in 1932, demands for federal action forced Hoover to do more. That year, Congress set up the **Reconstruction Finance Corporation (RFC)** to make emergency loans to banks, life-insurance companies, and railroads. But if the federal government could help bail out huge banks and railroads, asked New York Democratic senator Robert F. Wagner, why not “extend a helping hand to that forlorn American, in every village and every city of the United States, who has been without wages since 1929?” Hoover still held back, however, and signed only the Emergency Relief Act (1932), which authorized the RFC to make loans to the states for construction projects. Critics called the RFC a “breadline” for businesses while the unemployed went hungry.

FARMERS AND VETERANS IN PROTEST Meanwhile, the average annual income of families working the land during the early 1930s was \$240. Prices for agricultural products fell so low that farmers lost money if they took them to market. Thousands of midwestern farmers protested the low prices by dumping milk, vegetables, and fruits on the highways.

Fears of organized revolt arose when thousands of unemployed military veterans converged on the nation’s capital in the spring of 1932. The “**Bonus Expeditionary Force**,” made up of veterans of the American Expeditionary Force (AEF) that fought in Europe in the Great War, pressed Congress to pay the cash bonuses owed to nearly 4 million veterans. The House passed a bonus bill, but the Senate voted it down because it would have forced a tax increase. Most of the disappointed veterans went home. The rest, along with their wives and children, having no place to go, camped in vacant federal buildings and in a shantytown within sight of the Capitol.

Eager to remove the homeless veterans, Hoover persuaded Congress to pay for their train tickets home. More left, but others stayed even after Congress adjourned, hoping to meet with the president. Late in July, Hoover ordered the government buildings cleared. In doing so, a policeman panicked, fired