1920’s Lecture Notes

I. Mass-Consumption Economy & Lost Generation

A. Glorification of business -- Business became almost a religion.
      a. Called Jesus the first modern businessman
         i. "Picked up 12 men from the bottom of society and forged an organization that conquered the world."
         ii. "Every advertising man ought to study the parables of Jesus. They are marvelously condensed, as all good advertising should be.
   2. Calvin Coolidge: "The man who builds a factory builds a temple; The man who works there worships there."
   3. Businessmen were considered the people that "ruled" the nation.

B. Booming Economy
   1. U.S. came out of WWI the world’s largest creditor nation.
      a. Brief depression, 1920-1921
      b. Andrew Mellon’s "trickle down" tax policies favored the rapid expansion of capital investment.
      c. Buying on credit became another innovative feature of the postwar economy.
   2. Between 1922 & 1928, industrial productivity (amount of goods produced by each hour of labor) rose 70%.
   3. Wages at an all-time high
   4. Electric power increased 19-fold between 1912 and 1929.
      a. Before WWI, 20% of homes had electricity; by 1930 = 70%.
      b. Refrigerators, vacuum cleaners, and electric stoves came into vogue
   5. New technology = greater efficiency
      a. Electric motors
      b. Assembly line
   6. New industries:
      a. light metals-aluminum, synthetics
      b. Movies, radio manufacturing
      c. Auto industry became king.

C. Consolidation of trusts continued at a fast pace in the 1920s
   1. By 1929, 1/2 nation’s wealth absorbed by top 200 corporations
   2. Chain stores became common (e.g., Sears and Roebuck)
   3. Corporate leadership began to be controlled by college-trained, replaceable managers rather than traditional Henry Ford-types.

D. New White Collar Workers
   1. 1920-1930, white collar jobs rose 38.1%; 10.5 million to 14.5 million
      -- 1900, 18% of workers white collar; 44% by 1930
   2. Manual labor jobs up only 7.9%, 28.5 million to 30.7 million.
   3. Huge increase of consumer products created need for advertising and sales people.
      -- Sales profession attractive to men with promises of high incomes
   4. Women increasingly entered the work force.
      a. Typewriter, invented by Remington Co. in 1874, significant
      b. Almost all typists were middle-class, high school-educated and female.
      c. Women also teachers, shop clerks, cashiers, & switchboard operators.
      d. Yet, 57% of female work force comprised of black and foreign-born women, mostly in domestic service jobs.

E. Advertising emerged as a new industry.
   1. American manufacturers seemed to have mastered problems of production and were now more concerned about finding mass markets for their goods.
      a. Typical worker: young white college grads or former newspaper writers.
      b. Men outnumbered women 10 to 1.
   2. Used persuasion, allure, and sexual suggestion
      -- By 1925, U.S. corporations spent over $1 billion on advertising.
   3. Sports became big business
      a. Babe Ruth and Jack Dempsey became famous due to "image making."
      b. Fans bought tickets in such numbers that Yankee Stadium became known as "the house that Ruth built."

F. Scientific Management: Frederick W. Taylor -- assembly line
   1. Started movement to develop more efficient working methods to increase productivity which later led to increased wages, which led to increased profits.
      a. Auto industry accepted it right away (especially Henry Ford)
      b. No established regulations.
      c. Workers hated Taylorism as it concentrated power in production process to managers rather than workers and initially resulted in lower wages.
G. Changes in Working Conditions

1. Reduction in Hours
   a. 1923, US Steel gave workers three eight-hour shifts instead of a 12-hour shift, partially because of pressure from Harding.
   b. By mid-20s, steel making so efficient that workers given more time off.

2. Welfare Capitalism - An American Plan of Business
   a. If workers are taken care of, no unions or strikes would be needed.
      i. Increased employee benefits: one-week paid vacations (two-weeks for seniority), basketball courts and baseball diamonds near factories where workers could play for an hour, a nurse or doctor available at the factory to treat injuries or illnesses, and cafeterias with good food at low prices
      ii. Union membership declined in the 1920s -- AF of L had 5 million members in 1920, but only 3.5 million by 1929.
      b. Unions could not compete with industrial prosperity so that wages were not raised significantly.
         i. Workers had more time off but no money to spend
         ii. Prices increased faster than wages so that workers could not buy many of the products they manufactured themselves.
         iii. Attempts were made to sell US products overseas, but trade barriers on foreign imports entering the US prevented capital from going overseas.

H. The "Lost Generation"

1. After WWI, a new generation of writers outside of the dominant Protestant New England burst upon the literary scene.
   a. Their works often conveyed resentment of ideals betrayed by society.
   b. Term coined by Gertrude Stein, one of leaders of "Lost Generation"

2. Henry L. Mencken, in his American Mercury magazine, attacked marriage, patriotism, democracy, prohibition, Rotarians and the middle-class American "booboisie."
   a. Attacked do-gooders as "Puritans": Puritanism was the "haunting fear that someone, somewhere, might be happy."
   b. Supported and patronized many young authors who he admired for their critical attitude toward American society.

3. F. Scott Fitzgerald (1896-1940)
   a. At age 24, published This Side of Paradise: he became an overnight celebrity.
      i. Became a kind of Bible for the young; read by aspiring flappers and their lovers, who displayed a bewildered abandon toward life.
      ii. "All gods dead, all wars fought, all faiths in man shaken"
   b. The Great Gatsby (1925) -- depicted the glamour and cruelty of a materialistic and achievement-oriented society.

4. Theodore Dreiser: An American Tragedy
   -- Dealt with the murder of a pregnant working girl by her socially ambitious young lover.

5. Ernest Hemingway (1889-1961)
   b. Responded to propaganda and overblown appeal of patriotism by devising his own lean, word-sparing style.
   c. The Sun Also Rises (1926) -- wrote of disillusioned, spiritually numb American expatriates in Europe.
   d. Farewell to Arms (1929) -- One of the finest novels in any language about the war experience.

6. Sinclair Lewis (1885-1951)
   a. Criticized midwestern life (he was a native of Minnesota)
   b. Mainstreet (1920): Story of one woman's unsuccessful war against provincialism.
   c. Babbitt (1922): George F. Babbitt, a wealthy and vulgar, middle-class real estate broker who was obsessed w/materialism

7. William Faulkner (1897-1962) -- Mississippian
   a. Considered perhaps the best American novelist of the 20th century.
   b. Soldier's Pay (1926) -- Bitter war novel
   c. The Sound and the Fury (1929) and As I Lay Dying (1930)
      -- "Stream of consciousness" -- novels written through the perspective of the characters; not 3rd person omniscient

8. Poetry
   a. T.S. Eliot
      -- "The Waste Land" (1922): One of most influential poems of the century
   c. e. e. Cummings -- most innovative of all
      -- Relied on diction & peculiar typesetting to produce new poetical effects.

II. Architecture:

1. Frank Lloyd Wright—Most famous architect in U.S. history.
   a. Buildings should flow from their sites; not imitate Greek & Roman models.
      -- Guggenheim Museum in New York City most famous
   b. Contrast with Louis Sullivan (skyscraper) who believed “form follows function”.

4. Construction
   a. Skyscrapers began to change the horizon of major cities.
   b. Empire State Building -- tallest building in the world at 102 stories.
III. Scopes Trial
1. Fundamentalists
   a. Believed teaching of Darwinian evolution was destroying faith in God and the Bible while contributing to the moral breakdown of youth in the jazz age.
   b. Numerous attempts made to pass laws prohibiting the teaching of evolution in the public schools.
      -- Tennessee and two other states adopted such measures
2. Scopes Trial -- "Monkey Trial" -- 1925 in Dayton, Tennessee
   a. High-school biology teacher John Scopes indicted for teaching evolution.
      i. Tennessee’s Butler Law of 1924 banned any teaching of theories that contradicted the Divine Creation of man as taught in the Bible (Book of Genesis).
      ii. ACLU wanted to fight the case and ran ad in the NY Times asking for a teacher to volunteer to be arrested for violating the Butler Law.
      b. Clarence Darrow defended Scopes
      c. William Jennings Bryan was the prosecutor; Presbyterian Fundamentalist
   d. Fundamentalism itself seemed to be on trial.
      i. Darrow put Bryan on the witness stand the last day to defend a literal interpretation of the Bible.
      ii. Bryan asked at length about his literal biblical beliefs: Did he think the earth was created in 6 days?
         -- Bryan: "Not six days of 24 hours"
   e. John Scopes found guilty of violating the Butler Act and fined $100.
      -- Supreme Court of Tennessee, however, set aside the fine on a technicality.
   f. Fundamentalism suffered a setback as well.

IV. Palmer Raids
   a. After bomb scares, Attorney General, A. Mitchell Palmer, got $500,000 from Congress to "tear out the radical seeds."
      -- Palmer had presidential aspirations in 1920
      i. Identities of persons who sent bombs never identified: radicals, Bolsheviks and Wobblies blamed.
      ii. May Day violence against Socialists by servicemen in Cleveland, Boston, & NY
      iii. Some terrorist bombings in 1919 & 1920 including Wall Street (38 dead) and Palmer’s Washington home.
      iv. Several cities made teachers sign loyalty oaths; emphasized "Americanism" (WASP values)
   b. Nov. 1919, 249 "radicals" deported to Russia after nationwide raids; mostly anarchists
      i. Many orders came from Mrs. Wilson and the president’s secretary.
      ii. American Legion took the lead in going after dangerous foreigners.
         -- Inherited role from GAR during WWI.
   c. Jan. 2, 1920, 5,000 suspected communists arrested in 33 cities during
      i. Most seized w/o warrants, denied attorneys, deprived of food, heat and other bathroom facilities.
      ii. 550 Russians were deported; many were U.S. citizens.
   d. Public reaction
      i. Most Americans condoned Palmer’s actions.
      ii. Many began to question the compromising of individual rights.
         -- IWW and other radicals vigorously prosecuted.
         -- 1920, 5 members of NY legislature denied seats because they were Socialists
   e. "Red Scare" ended in Summer of 1920 when alleged May Day strikes did not occur; Palmer was discredited.
   f. Conservatives used the "red scare" to break the backs of fledgling unions
      i. Labor’s call for "closed" shop criticized as being communist
      ii. Recession of 1921 further weakened unions
         -- Prices fell faster than wages; by 1922 real wages up 19% than in 1914
         -- Paved way to prosperity of 1920s.
      iii. Employers’ antunion campaign for "open" shop: "the American plan."
         -- AFL lost ¼ of its members.

B. Sacco and Vanzetti case
1. 1921, Nicola Sacco and Bartolomeo Vanzetti charged & convicted of killing two people in a robbery in Massachusetts.
2. Jury and judge probably prejudiced: defendants were Italians, atheists, anarchists and draft dodgers.
   a. The defendants’ radicalism became an issue during the trial.
   b. Evidence not conclusive; many believe sentence was due to prejudice.
3. Repeated motions for a new trial denied by Judge Webster Thayer and the Massachusetts Supreme Court.
4. In 1927, Judge Thayer sentenced the men to death by electric chair.
   b. Because the powers that convicted Sacco and Vanzetti were members of the upper class, the execution seemed to be class-based.
   c. Distinguished Americans such as Felix Frankfurter, Albert Einstein, and George Bernard Shaw protested; Italian-American community deeply affected.
C. Ku Klux Klan

1. Resurgence of the Klan began in the South but also spread heavily into Southwest and the Midwest: IL, IN, OH
   a. Midwest = 40% of new Klan membership; far west only 6.1%;
      -- Total membership as high as 5 million.
   b. Resurgence spawned by 1915 movie \textit{Birth of a Nation}, by D.W. Griffith.

2. More resembled nativist "Know-Nothings of 1850s (anti-Irish & German) and American Protective Association of late 19th century (anti-eastern & southern European) than the anti-black terrorist organization of the 1860s.
   a. Opposed immigration, Catholics, blacks, Jews, Communists, bootleggers, gambling, adultery, and birth control
   b. Pro-WASP (White Anglo Saxon Protestant)
   c. Extremist and ultraconservative uprising against forces of diversity and modernity transforming American culture:
      nationalist, racist, narrow minded.

3. Demise of the KKK
   a. 1925, David Stephenson, KKK leader in Indiana, went to jail for 2nd degree murder of woman he kidnapped and abused.
      i. The Klan’s claim as a protector of the virtue of white women was compromised.
   b. Embezzlement by Klan officials led to a congressional investigation.

4. Violence against blacks in 1919 race riots partly due to attitudes spread by KKK

V. \textit{"Jazz"}

1. The term "Jazz" became popular after WWI (dance music)

2. Pre-WWI development
   a. African influenced slave spirituals grew into jubilees and the blues.
   b. Black folk music retained a certain melodic, harmonic, and rhythmic element that formed a common body of sound.

3. Late 19th Century
   a. Ragtime works in the late 1890's; considered to be earliest jazz.
      -- First black music ever to achieve widespread popularity.
   b. Blues developed simultaneously along with ragtime

4. New Orleans Dixieland Jazz
   a. Group improvisation; moderate to fast tempos in 2/4 meter
   b. \textit{Louis Armstrong}: first master improviser--some see this as beginning of jazz.
   c. During WWI, the migration of blacks north also meant the migration of jazz to northern cities.

5. In the 20's, Chicago became a center among jazz musicians.
   a. Many came from New Orleans. Would later become the center during the 1930's swing era.
   b. New York also flourished (the Cotton Club) during Harlem Renaissance

D. The Harlem Renaissance

1. Development
   a. Harlem, a black enclave in NYC with about 100,000 residents in the 1920s, grew rapidly during and after WWI (largest black population in Northern U.S.)
   b. Significance: Harlem produced a wealth of African American poetry, literature, art, and music, expressing the pain, sorrow, and discrimination blacks felt at this time.

3. Jazz: \textit{Duke Ellington} (1899-1974) and the \textit{Cotton Club} (famous night club)
   -- Piano player who formed one of most famous Jazz bands in history.

4. Marcus Garvey
   a. Leader of the \textit{United Negro Improvement Association} (UNIA)
      i. "Back to Africa Movement": Purpose was to promote the resettlement of American blacks in Africa.
      ii. Advocated black racial pride and separatism rather than integration.
         -- Urged blacks to buy only from blacks & founded chain of businesses including grocery stores, restaurants, and laundries.
      iii. Garvey a native of Jamaica and founded UNIA there.
   b. Black Star Steamship Co. founded to transport his black followers to Africa, went bankrupt in 1923.
   c. FBI director J. Edgar Hoover monitored Garvey and eventually sought to have him arrested and imprisoned.
      -- Garvey convicted of mail fraud in sale of his company's stock, imprisoned, and then deported.
   d. Garvey instilled self-confidence and self-reliance among blacks, and later became the basis for the Nation of Islam (Black Muslim) movement in 1960s
VI. New Technology

A. The Airplane
1. Dec. 17, 1903, Wright Bros. (Orville and Wilbur) flew a gasoline-powered plane 12 seconds and 120 feet at Kitty Hawk, North Carolina.
   "Launched the air age"
2. Airplane used with some success for various purposes during World War I.
3. Shortly after the war, passenger lines with airmail contracts came into being.
   "First transcontinental airmail route established from NY to SF in 1920."
4. By the 1930s and 1940s, travel by air on regularly scheduled airlines was much safer than on many overcrowded highways.
5. 1927, Charles Lindbergh flew the first solo flight across the Atlantic.
   a. *Spirit of St. Louis* flew from NY to Paris in 39 hours and 39 minutes.
      b. Lindbergh became an American icon and world hero.
6. Impact of the airplane:
   a. Civilization became more closely linked
   b. Railroads received yet another setback as airplanes stole passengers and mail service.
   c. Airplanes used with devastating effects on cities during WWII

B. Movies
1. Emergence of the movie industry
   a. 1890s, peep-show penny arcades gained some popularity.
   b. First real moving picture in 1903: first story sequence reached the screen.
      i. *The Great Train Robbery* shown in 5-cent theaters -- "nickelodeons."
      ii. Attracted large working-class audience.
   c. First full-length classic was D.W. Griffith’s *Birth of a Nation* (1915) which glorified the KKK and defamed blacks.
   d. Movies got tremendous boost as anti-German propaganda during WWI.
   e. Hollywood became the movie capital of the world.
      i. Silent movies until 1927
      ii. Major stars: Charlie Chaplin, Rudolph Valentino
   f. 1927, first “talkie,” *The Jazz Singer*, featured Al Jolson in a blackface doing a minstrel act
   g. By 1930, some color films were being produced.
2. Impact of movies
   a. Eclipsed all other new forms of amusement.
   b. Became new major industry employing about 325,000 people in 1930.
   c. Actors and actresses, some with huge salaries, became more popular than the nation’s political leaders.
   d. American culture bound more closely together as movies became the standard for taste, styles, songs, and morals.
   e. Provided education through newsreels and travelogues.
   f. Tabloids and the cheap movie magazines emerged as two by-products of the movie industry.

C. Radio
1. Guglielmo Marconi, an Italian, invented the radio in the 1890s.
   "Technology used for long-range communication during WWI."
2. First voice-carrying radio came in Nov. 1920 when KDKA in Pittsburgh carried the news of the Harding landslide.
3. Later, transatlantic wireless photographs, radiotelephones, and TV emerged.
4. National Broadcasting Co. (1926); Columbia Broadcasting Co. (1927)
   "Formed first national radio networks."
5. Impact of the radio:
   a. Created a new bustling industry
   b. Added to American life as leisure hours were filled listening to programs.
   c. Nation more closely-knit.
      i. Various sections heard Americans with standardized accents.
      ii. Millions "tuned in" to comedies like "Amos and Andy."
   d. Advertising perfected as an art.
   e. Sports further stimulated
   f. Politicians used the airwaves to garner votes.
   g. Newscasts informed millions of listeners.
   h. Music of famous artists and symphony orchestras broadcasted

D. Henry Ford and the assembly line
1. Detroit emerged as the automobile capital of the world
   a. 1890s, Americans began to adapt the European gasoline engine to the making of cars.
   b. By 1910, 69 companies existed with a total annual production of 181,000 units.
      "Henry Ford and Ransom E. Olds (Oldsmobile) most successful with the use of a limited assembly line operation.
   c. 1929, Ford, General Motors & Chrysler made 83% of cars ("the Big Three")
2. Ford realized workers were also potential consumers of his cars
   a. In 1914, raised worker salaries from $2 a day to $5 if workers adopted "thrifty habits"
b. Ford paid good benefits, hired handicapped, convicts, and immigrants.
c. Ford called a “traitor” to his class by many wealthy people.
3. Ford’s use of the assembly line made him about $25,000 a day during the 1920s
   a. Took only 1.5 hours to build a car (before assembly line: 14 hours)
      -- One car produced every 10 seconds at his Rouge River plant near Detroit.
   b. Model-T became the staple car in America for many years.
   c. By 1930, Americans owned almost 30 million cars; 20 million Model T’s.
   d. Drawback: work incredibly tedious -- machine often set the pace. Sometimes, workers were actually chained to the machine to prevent accidents.
4. Automobile’s impact
   a. Replaced the steel industry as the king industry in America.
   b. Employed about 6 million people by 1930.
   c. Supporting industries such as rubber, glass, fabrics, highway construction, and thousands of service stations and garages.
      i. Steel industry further buttressed.
      ii. Petroleum industry exploded: oil derricks shot up in CA, TX and OK
   d. Nation’s standard of living improved.
   e. Railroad industry decimated by cars, buses, and trucks.
   f. Speedy transportation of perishable foodstuffs.
   g. New network of highways emerged: 387,000 mi. in 1921 to 662,000 in 1929
   h. Leisure time spent traveling to new open spaces.
      i. Women less dependent on men
   j. Isolation among sections broken down while less attractive states lost population at an alarming rate.
   k. Buses made possible consolidation of schools and to some extent churches.
   l. Sprawling suburbs spread out even further as America became a nation of commuters.
   m. One million Americans had died in car accidents by 1951, more than all killed in all America’s battles hitherto.
   n. Home life broke down partially; youth became more independent

VII. Prohibition (One of last of the Progressive reforms)
1. 18th Amendment ratified by states in 1919.
   a. Supported by churches and women.
      i. Heavy support in the Mid-west and esp. in the South.
      ii. Southern whites eager to keep stimulants from blacks.
   b. Volstead Act of 1919 implemented the amendment.
   c. Opposed in larger eastern cities where colonies of "wet" foreign-born peoples cherished their drinking habits.
2. Problems with enforcement
   a. Federal authorities had never satisfactorily enforced a law where the majority of the people were hostile to it.
   b. Lack of enforcement officials
   c. Alcohol could be sold by doctor’s prescription.
   d. Alcohol was necessary for industrial uses (poison was supposed to be added to it to prevent consumption).
   e. Alcohol could be manufactured in small amounts almost anywhere
      -- 700 million gallons of home brew made in 1929!
3. Results of Prohibition
   a. Rise of organized crime
      i. Huge profits from "bootlegging" became foundation for corruption.
      ii. Al Capone -- Most powerful gangster of the 1920s.
         -- 1925, began bootlegging business that lasted six years
         -- Eventually jailed for tax evasion & served most of 11-year sentence
      iii. John Dillinger was another powerful gangster boss.
   iv. Increased gang violence: About 500 gangsters killed in Chicago in 1920s.
   v. Many gov’t officials accepted bribes and did not enforce prohibition.
   vi. Organized crime spread to prostitution, gambling, and narcotics.
      -- Honest merchants forced to pay "protection money" to gangsters.
   vii. By 1930, annual "take" of underworld estimated at $12 to $18 billion.
      -- Several times the income of federal gov’t.
   b. Rise of speakeasies (secret bars operated by bootleggers)
      i. Middle class havens for drinking.
      ii. Women could now drink in speakeasies where before they were forbidden to drink in saloons.
   c. Disappearance of saloons
      -- Most "wet" immigrants affected; could not afford speakeasies
   d. Many Americans became used to casually breaking the law.
VIII. Social life and culture during the "Roaring 20s"

A. Census of 1920 revealed for the first time that Americans no longer lived in the countryside but in urban areas.

B. A sexual revolution

1. Theories of Dr. Sigmund Freud mistakenly interpreted by Americans that sexual repression was responsible for a variety of emotional problems.
   -- Not pleasure alone, but health, demanded sexual gratification and liberation.

2. "flaming youth" of the "Jazz Age" emphasized sexual promiscuity, drinking and new forms of dancing considered erotic by the older generation.
   a. Occurred mostly among some urban dwellers, middle class people, and students, who were relatively wealthy for the era.
   b. Behavior: new codes for dancing and dress -- Charleston, thinner clothes, juvenile look, sleeveless dresses, shorter skirts
   c. Double standard: Women began to assert publicly their right to imitate male standards (e.g. sexually).
      -- Only affection necessary for sex.
   d. Reasons for changing standards
      i. WWI: Maxim "eat, drink, and be merry" often appears after wars.
         -- WWI had highest ratio of killed & injured to participants in any war.
         -- Small matters of morality seemed less important after carnage
      ii. Women: greater independence, less parental supervision, 19th Amendment
         -- Joined labor force in large numbers and more lived alone.
      iii. Impersonality of urban areas
      iv. Automobile, by giving people mobility and privacy, generally considered to have contributed to sexual license.

4. Although illegal, birth control promoted by Margaret Sanger and others and was widely accepted.

5. Sexual revolution brought about some emancipation
   a. Flapper styles expressed the new freedom of women
   b. One-piece bathing suits shocked older Americans.
   c. Women could smoke & socialize with men in public more freely than before.

6. As women became more independent, they continued to organize
   a. National Women’s Party began in 1923 to agitate for an Equal Rights Amendment to the Constitution (ERA) -- Alice Paul
      i. Idea shocked traditionalists
      ii. Amendment finally defeated in early 1980s.
   b. League of Women Voters founded in 1920 by leaders of the NAWSA.
   c. Divorce laws were liberalized in many states at the insistence of women
      -- 1920 = 1 divorce for ever 7.5 marriages; 1929 = 1 in 6
   d. Many women stayed in the work force after WWI

IX. Harding's administration

A. Scandal

1. "Ohio Gang" or "Poker Cabinet"
   a. Harding appointed his friends to prominent positions in his cabinet and used his connections with them to make money in some instances.
   b. Harding considered one of the worst presidents in U.S. history.
      -- Most stories of his corrupt administration came out after his death.

   -- Ex-deserter from the army; sentenced to 2 years in federal penitentiary.

3. Teapot Dome Scandal: One of biggest presidential scandals of the century
   a. 1921, Sec. of Interior Albert Fall arranged transfer of valuable naval oil reserves at Teapot Dome, WY & Elk Hills, CA to Interior Dept.
   b. Harding signed the secret order.
   c. Fall then leased lands to 2 oilmen and received a bribe of about $400,000
   d. The scandal became public in 1923 and the three men were indicted in 1924 but the case was not resolved until 1929.
      i. Fall sentenced to one year in jail.
   e. Scandal undermined Americans’ faith in the courts & public officials

4. Attorney General Harry Daugherty brought to Senate investigation for illegal sale of pardons and liquor permits.
   a. He was forced to resign and brought to trial in 1927.
   b. Jury twice failed to convict him.
   c. Several of his advisors committed suicide in the face of the scandal.

B. Harding died in San Francisco in Aug. 1923, while on speech tour.

1. Scandals had not yet reached the public in full force.
2. Stress from the scandals may have prompted his death.
3. Vice-president Calvin Coolidge assumed the presidency.

C. Talented members of Harding’s cabinet
   1. Charles Evans Hughes: Secretary of state
2. **Andrew W. Mellon**: Secretary of the Treasury  
   a. Lowered the national debt and taxes for the wealthy  
3. **Herbert Hoover**: Secretary of Commerce  
4. Republican "Old Guard" dominated Harding’s administration  
   -- Administration resembled McKinley-style—old order  
D. Harding’s conservative economic agenda (carried out by Coolidge & Hoover)  
1. Conservatives believed role of gov’t was to make business more profitable.  
   a. Tax cuts for corporations and the wealthy: "trickle down" economics  
      i. Advocated by Sec. of the Treasury Andrew Mellon who favored rapid expansion of capital investment.  
      ii. Premise: high taxes forced investors to invest in tax-exempt securities rather than in factories that provided economic growth.  
      -- Smaller net return to the Treasury than moderate taxes.  
      iii. Mellon engineered series of tax cuts implemented from 1921-1926  
      iv. Much of tax burden shifted to middle-class  
   b. Higher tariffs: **Fordney-McCumber Tariff** (1922)  
      i. Businessmen feared cheap goods coming from a recovering Europe.  
      ii. Tariff rates pushed from 27% (Underwood Tariff) to about 38.5% (almost as high as the Payne-Aldrich Tariff of 1909).  
      iii. Duties on farm produce increased  
      iv. President authorized to increase tariffs by as much as 50%.  
        -- Harding and Coolidge authorized 32 upward revisions  
   v. Impact:  
        -- Europeans’ post-WWI economic recovery impeded  
        -- Europeans had more trouble paying huge debt owed U.S.  
        -- Retaliatory tariffs against U.S. goods hurt U.S. manufacturers.  
        -- High European tariffs also hurt neighboring Europeans.  
2. Government’s role should be limited; stay out of business (*laissez faire*)  
   a. Less government regulation: Harding appointed people to regulate agencies that didn't like regulation  
      -- Interstate Commerce Commission dominated by men personally sympathetic to the managers of railroads.  
3. Government helped to facilitate monopolies and consolidation of industries  
   a. Antitrust laws often ignored, circumvented, or inadequately enforced by Daugherty’s friendly prosecutors in the attorney general’s office.  
   b. Industrialists set up trade associations where an industry would agree upon standardization of a product, publicity campaigns, and a united front in dealing with other industries and customers.  
      -- Despite violating antitrust legislation, Sec. of Commerce Herbert Hoover encouraged their formation.  
      -- Sought to eliminate cutthroat competition.  
4. Businessmen should run the government as they had experience in management.  
   -- Cabinet positions went to wealthy business leaders who looked out for big business interests.  
5. Rejected federal gov’t programs to help ordinary citizens  
   a. To the Mississippi flood victims appeal: "The gov’t is not an insurer of its citizens against the hazards of the element."
   b. Many conservatives believed local communities and charity should take that responsibility: Hoover’s philosophy during the Depression  
6. Appointed conservatives to the Supreme Court.  
   a. Harding appointed 4 Supreme Court justices in his less than 3 years as president  
      i. Court killed a federal child-labor law, stripped away many of labor’s gains, and restricted government intervention in the economy.  
         -- **Adkins v. Children's Hospital** (1923) -- the Court invalidated a minimum-wage law for women.  
         -- Justification: Females now had the vote and no longer could be protected by special legislation.  
7. Hostile to Unions  
   a. Reacted to 1919 Seattle General Strike, Boston Police Strike, United Mine Workers strike in 1919 and numerous others  
   b. Membership in labor unions dropped nearly 30% between 1920 and 1930  
   c. 1922, Railroad Labor Board ordered 12% wage cut sparking a 2-month strike  
      -- Daugherty implemented one of most sweeping injunctions in U.S. history.  
8. Reducing the national debt by making government smaller  
   a. Nat’l debt increased from $1.2 billion in 1914 to about $24 billion in 1921.  
   b. **Bureau of the Budget** created by Congress in 1921 to reduce nat’l debt.  
   c. Sec. of Treasury Andrew Mellon reduced national debt by $10 billion from about $26 billion to $16 billion.  

X. **Coolidge’s presidency**  
A. Coolidge carried out Harding’s conservative programs  
B. The Farm Problem  
   1. Causes  
      a. Recovery of European farmers brought less demand for U.S. farm products.  
      b. Machines facilitated more food production but increased supply meant a decrease in food prices.
-- Gasoline tractor revolutionized American farms.
2. Depression hit the agricultural sector in the 1920s as 25% of farms were sold for debt or taxes.
3. McNary-Haugen Bill (proposed 1924 to 1928)
   a. Bipartisan Congressional "farm bloc" from agricultural states aimed to help farmers.
   b. Sought to keep agricultural prices high by authorizing the gov’t to buy up surpluses and sell them abroad.
   c. Gov’t losses would be made up by a special tax on the farmers.
   d. Coolidge vetoed it twice
   e. Result: Farm prices stayed down and disgruntled farmers sought to make a difference in the 1924 elections.

XII. Hoover’s presidency
A. Election of 1928
   1. Herbert Hoover was Republican nominee: platform of prosperity & prohibition.
      -- Claimed in 1928 that "Poverty will be banished from the nation." "Everybody ought to be rich."
   2. Alfred E. Smith nominated by Democrats
      -- Tammany Hall boss, Catholic, "Wet" son of Irish immigrants; rural America and the South deeply opposed to him.
B. Campaign
   1. Radio used significantly for the 1st time.
   2. Hoover decried un-American "socialism" and preached "rugged individualism"
   3. Religious bigotry displayed over Smith’s Catholicism: "A vote for Al Smith is a Vote for the Pope."
C. Results:
   1. Hoover defeated Smith 444 to 87
      -- Hoover was first Republican in 52 years to carry several former Confederate states (he won 5).
   2. Huge Republican majority was returned to the House of Representatives.
D. The Great Crash of 1929
   1. Bull market = values of stocks continued to increase during the 1920s.
      a. Dow Jones in 1924 = 180
      b. Sept. 1929 = 381: stocks selling for 16 times their earnings; Rule of thumb = 10 times earnings
   2. On margin buying of stocks.
      a. Investors purchased stocks from stockbrokers for as little as 5% down
      b. When stock values rose, investors would pay back their debt.
         -- If no payment, stocks were held as collateral.
      c. If prices of stock decreased more than 10%, broker would sell stock for whatever price they could get.
         -- Result: Banks and businesses that had financed broker’s loans lost much money.
      d. Banks loaned money to stockbrokers to facilitate on margin buying.
   3. Overspeculation:
      a. Investors gambled that prices would continue to rise
      b. Artificial rises in stock & commodity values fueled speculation
      c. Hoover unsuccessfully tried early to curb speculation through the Federal Reserve Board.
   4. The Great Crash
      a. Oct. 29, 1929 ("Black Tuesday") -- Everybody wanted to sell. Within hours, the stock market crashed.
      b. By mid-November, $25 billion in stock value had disappeared
         -- Fortunes were wiped out almost overnight; Dow Jones in 1932 = 41.