

THIS IS A TRADITIONAL ASSIGNMENT. PRINT AND COMPLETE BY HAND.

Name: _____ Class Period: _____

Boom and Bust 1921-1933

Purpose:

This Crossroads Essay is an optional enrichment activity providing additional insight into the era. Many essential themes, concepts, and events are outlined in the essay; it serves as a valuable review tool before exams. Reading the article is assigned to all students. Completing the enrichment activity is optional.

Key Concept 7.1: Growth expanded opportunity, while economic instability led to new efforts to reform U.S. society and its economic system.

Assessment:

Concepts in this activity/additional reading will be assessed on quizzes and/or the unit test. This activity is worth a 10% boost on the Great Depression and New Deal reading quiz.

Directions:

Print this article and complete by hand using a **highlighter** and **ink**. As you read the article **annotate** in the spaces provided. Think **CRITICALLY... go beyond simple/respective notes when analyzing themes.**

Annotate by:

- Highlighting** the main ideas/arguments,
- identifying major themes** (MAGPIES)
- identifying and **explaining historical context**
- defining terms** you may not know.



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| M | igration and Settlement |
| A | merica in the World |
| G | eography and the Environment |
| P | olitics and Power |
| I | identity; American and National |
| E | economy; Work, Exchange, and Technology |
| S | society and Culture |

I. Looking Beyond Traditional Interpretations

Many textbooks treat the Great Depression as a single entity, spanning the years from 1929 through American entry into the Second World War in 1941; they then divide the years of Franklin Delano Roosevelt in half, distinguishing the domestic era of the New Deal (1933-1940) from the era of the Second World War (1939-1945). I propose instead to break the Depression in two, using Roosevelt's election as the dividing point, treating the years of boom and bust (1921-1933) and the Roosevelt years (1933-1945) as distinct periods.

This approach seems to comport better with history as the American people experienced it. They saw the period from 1921 through 1929 as an organic whole (the "Roaring Twenties") and they saw the slide into the Great Depression from 1929 through 1933 as a grim, ironic coda to that period. The transition to the Roosevelt years marked an extraordinary change in the American people's basic thinking about government and the economy, and an equally remarkable change in morale from fear and despair to hope and confidence. It seems only fitting to make these points explicit in our periodization -- to enable students to understand the past the way those who lived through it did when that understanding makes good historical sense.

The conventional understanding sees the period of boom and bust (also known as the Roaring Twenties) as a time when the American people went on a great spree, dismissing the problems of the nation and the world, and then began the slow, agonizing process of paying for the spree. This view is still valid, though containing as much caricature as accuracy. The traditional view minimizes the period's bleak side because it does not pay attention to groups that, for a wide range of reasons, did not get to go to the party:

- For example, African-Americans had little to celebrate in this period except for cultural movements, such as the **Harlem Renaissance**, that they launched themselves. The 1920s was the era in which lynchings in the South reached such a peak that even the white majority outside the South was forced to pay attention. Racial incidents, however, took place throughout the United States long before the 1920s -- for example, the **New York City draft riots** of 1863 and the catastrophic **Detroit race riots of 1919**. The racial violence of the 1920s thus was more of the same for its victims, however novel and appalling it may have seemed to white Americans who had no direct part in it.
- Labor had no reason to celebrate the 1920s either, for in this period management developed the fine art of using the **labor injunction** as a stinging weapon against strikes and labor disturbances. Nervous state officials also enacted and made energetic use of criminal laws punishing agitation for sweeping economic change as punishable advocacy of subversive doctrines.
- Immigrants watched, despairing, as the **McCarran-Walter Act** imposed strict **quotas** on immigration, favoring "established" ethnic groups (Northern Europeans such as the English, French, and Germans) at the expense of the "**new immigrants**" from Asia and from southern and eastern Europe. Those immigrants already in the United States, who made up the majority of the nation's unskilled industrial workers, bore the brunt of anti-labor actions by government and management. And anti-immigrant sentiment continued to be a powerful force in shaping the politics and political thinking of the period. For example, the 1928 defeat of Democrat Al Smith, the first Irish Catholic to win a major party's Presidential nomination, was powered largely by most Americans' prejudice against a candidate who had sprung from the new immigrant population.
- Even though women's suffrage was finally achieved in 1920, with the **Nineteenth Amendment**, this triumph left the women's movement confused and uncertain about its goals and its future strategies. Similarly, women found themselves losing many of the gains they had won of necessity during the First World War by entering the work force and forging careers for themselves. The traditional view of the 1920s also neglects how the period's frantic atmosphere of binge and **hedonism** obscured other real and growing national problems, whether economic or social, and served as an all-encompassing excuse for government at all levels to turn its back on the responsibilities that government had assumed during the Progressive Era and the First World War. In particular, the federal government showed little, if any, interest in using its powers either to move directly against the nation's problems or to coordinate efforts by state and local governments to develop solutions to pressing problems.

Even developments and cultural phenomena often cited by textbooks as reasons to celebrate this period -- such as the flourishing of American literature, the rise of motion pictures and radio, and the individual achievements of **Charles Lindbergh**, Mary Pickford, and **Babe Ruth** -- had their bleak, pessimistic side:

- First, the one theme uniting the great literary figures of this period -- T. S. Eliot, Ezra Pound, Willa Cather, Edna St. Vincent Millay, John Dos Passos, Sinclair Lewis, F. Scott Fitzgerald, and Ernest Hemingway -- was disaffection from the prevailing values of American culture and a corresponding focus on the bankruptcy of mainstream American values. (**Lost Generation**)
- Second, the development of middle-class culture in America and its promotion in the new technologies of **mass media** (newspapers, magazines, radio, and film) deluded most Americans into believing that everyone was middle-class, and that disparities of wealth either did not exist or did not matter.
- Third, the growth in America of a culture of celebrity used mass media to make **public idols** of baseball players such as Ruth, film stars such as Pickford, and other heroes such as Lindbergh. But these icons of celebrity distracted most Americans from the real and growing problems of their society -- or, as in the case of the head of the new **Federal Bureau of Investigation, J. Edgar Hoover**, to lull Americans into the belief that the problems were being fought without inquiring into means.

Students -- and most other Americans -- associate this period with two great phenomena that capture the imagination: **Prohibition** and the **stock-market crash of 1929**. Each is a valuable window into the central themes and characteristics of the period.

II. Prohibition as a Hallmark of the Period

Prohibition plays a key role in the Roaring Twenties and the early years of the Depression. We tend to forget that Prohibition was not simply a project of intolerant "**blue-noses**." Rather, it was, at the same time, the quintessential Progressive social measure and the culmination of a social reform movement that had labored for the goal for decades (since the days of Andrew Jackson). *To prohibit the sale or manufacture of liquor was an attempt to use law and governmental power on an unprecedented scale to modify individual behavior.* Advocates of **Prohibition** sought to justify the policy on a variety of grounds -- including efficiency, productivity, family values, and honesty in government and politics. Prohibitionists maintained, for example, that corrupt politicians held sway in the bars and saloons of the nation's cities, exchanging favors for votes, with impressionable and befuddled immigrants as their raw material and liquor as an effective lubricant of the process; and that drunkenness threatened the stability and happiness of the family and the productivity of the American worker.

The **Eighteenth Amendment** was adopted in 1919 and took effect in 1920, as did the **Volstead Act**, the enforcement legislation under which federal authorities operated. Historians disagree how effectively Prohibition was or could have been enforced once it went into effect. For every cask of beer or liquor axed into kindling or spilled down sewers, perhaps two or three found their way to eager customers. At the same time, critics of Prohibition enforcement focused on what they deemed widespread, even blatant violations of civil liberties and individual rights. Prohibition received general lip-service in public -- and was defied or ignored in private. Violators of the Amendment and its enforcement legislation became heroes to the general public. Lawyers, judges, and scholars fretted that the gulf between theory and practice symbolized by Prohibition threatened the rule of law. Federal courts were inundated with thousands of cases growing out of the enforcement of Prohibition, including some, such as the wiretapping case *Olmstead v. United States* (1928), that were to have profound effects on such constitutional issues as the right of privacy.

At the beginning of the 1920s, Senator Morris Sheppard (Democrat-Florida) proclaimed, "There is as much chance of repealing the Eighteenth Amendment as there is for a hummingbird to fly to the planet Mars with the Washington Monument tied to its tail." By 1929, however, a countermovement for repeal was gathering strength, spurred by changing political conditions. These included the growing shift of the nation's population to the cities, where Prohibition had always been unpopular; general recognition that enforcement of Prohibition had become a ghastly failure; the evils of the **speakeasy** (and of the Amendment's creation of a nation of lawbreakers); and the Great Depression's highlighting of the *severe economic impact of Prohibition*. By the 1932 Presidential election, it appeared likely that a nationwide repeal movement could succeed, especially after the Democratic Party endorsed repeal in its national platform. Indeed, many historians maintain that the Democratic promise to work for repeal of the Eighteenth Amendment was the cornerstone of Franklin D. Roosevelt's electoral landslide in 1932, rather than his pledge of "a new deal for the American people" to respond to the Depression. And the Democrats followed through on their pledge: In 1933, in ear-record time for a constitutional amendment, the adoption of the **Twenty-first Amendment**, repealing the Eighteenth, ended the "noble experiment" of Prohibition.

III. The Stock-Market Crash as a Hallmark of the Period

The stock-market crash of 1929 and the Great Depression that it touched off have become paradigms that have shaped all later generations' fears about economic downturns. Critics of the American economy as presently constituted trundle out the lessons of the 1929 crash whenever they perceive an analogy between it and modern economic crises. For example, opponents of **deregulation** of the savings and loan industry gleefully drew analogies between the S&Ls' catastrophic failure in the late 1980s and the 1929 crash that destroyed many American banks; opponents of computerized "programmed trading" made the obvious connection after the 1987 crash. *[Did you catch that comparative context?]*

In many ways, these connections make good sense. The 1929 crash was not a sudden lightning bolt that destabilized a healthy economic system. Rather, it was a natural outgrowth of economic trends and business practices that took a new and unstable system and made it ever more shaky until it collapsed of its own weight. The 1920s were the great era of sweeping public faith in the self-regulated American economy. At the same time, the 1920s were the era that produced the great event that swept that faith into the wastebasket for half a century. We need not rehash here the evils of **buying stocks on margin**, by which millions of Americans became speculators -- they built up vast personal indebtedness in the conviction that they could turn around, sell their stocks to even more greedy and gullible people, and thus recoup their paper investments. There were no government regulations restricting banks or other financial institutions from speculating on the market, and thus bankers and financiers went as mad as everybody else. Economists pleaded in vain with lawmakers and executive-branch officials to do something to restrain the orgy of speculation.

And yet, in a development just as important as speculation fever, the indifference of business and government to the plight of labor and the growing mismatch between production and consumption that that plight helped to exacerbate had something to do with the Crash. For it was all but impossible for the growing labor force, whose incomes were only creeping upward while corporate profits were spiraling ever faster into the air, to use their purchasing power to acquire the consumer goods they were busily producing. The same phenomenon was affecting the middle class as well, albeit to a lesser extent. Modern historians argue that this growing gap between what was being produced and what was being consumed helped make the Great Depression as sudden, severe, and durable as it turned out to be.

IV. Coping with the Great Depression

As the nation slid from the dizzy heights of the summer of 1929 into the Great Depression, an economic slump that was not only national but international in scope, the American people tried desperately to understand what had gone wrong.

The lesson taught by the crash and the Great Depression was that the glorious dream [idealism of laissez-faire?] of a self-regulating economy, free of government intervention and supervision, was moonshine. The businessman, so often lauded as the hero of the 1920s, became the scapegoat of the 1930s. As financial and industrial titans such as John Hay Whitney and the Swedish "Match King," Ivar Kreuger, either went bankrupt or went to jail or committed suicide, a newly cynical populace jeered the fall of those whom they had worshipped.

Americans also cast about for ways to solve the range of problems posed by the Depression. But another problem now confronted the nation: When the unemployment rate goes as high as 15 percent or higher, when tens of millions of workers have no jobs and upwards of one-third of the population suffers from want that they had no part in bringing on themselves, what, if anything, should government do about such conditions? It was this political problem, and not the mere existence of the Depression as an economic fact, that destroyed the administration of Republican **President Herbert Hoover** and filled many Americans with doubt and fear about the nation's future.

In 1928, when he triumphantly defeated Al Smith, Hoover seemed profoundly different from his two Republican predecessors, **Warren G. Harding** and **Calvin Coolidge**. Hoover had an international reputation as an engineer, a creative organizer of vast relief programs, and an administrator. If any President seemed qualified, even tailor-made, to address a great economic crisis, Hoover was.

Yet Hoover made two fatal mistakes:

- (i) he assumed that government need only join hands with the business community and permit them to carry the ball in reinvigorating the economy; and
- (ii) he believed that, while government could use its power to encourage recovery, it could not and should not apply that power directly, lest it risk bringing a **dictatorship** in its wake. These assumptions, whether valid or invalid as a matter of economic reality, were a recipe for political suicide. Realizing these new truths, economists and legal theorists busily got to work proposing ways that government could use its power to prevent a similar economic catastrophe in future and hoping that a future President would draw on their ideas.

If Hoover was to be cast aside in 1932, who and what would take his place? The question facing the American people confronted other nations in this period; many nations, newly dubious of the virtues of political democracy, discarded it as a luxury that a depression-stricken people could no longer afford.

At the same time that Hoover was preparing to turn over the Presidency to his successor, **Adolf Hitler** became Chancellor of Germany; other European and Asian nations either were moving in the direction of totalitarian dictatorships (Italy, Japan), convulsing in civil war (Spain), or desperately and unavailingly trying to repel foreign invasions (China). Even in the United States, rumors abounded of would-be dictators seeking drastic change. On January 20, 1933, as she rode in the inauguration parade of her husband, First Lady-to-be **Eleanor Roosevelt** noted the expectant silence of the crowds lining the parade route. It frightened her, she confessed to her friends. And, though he did not show it, it frightened Franklin D. Roosevelt as well.