
History 1302
U.S. From 1877

Unit 3 lecture 2

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**Republican Resurgence &
Decline**

A different political world:

- - Electoral participation down from 1896 – 50% of those eligible voted – women abstained more than men
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 - Politics weren't as important ... sports, life, business – all sorts of things were more important to people's lives
- Democrats versus Republicans:
 - Competing Interests
 - Democrats: diverse amalgamation of Southern conservatives / Urban northern immigrants
 - Split over Prohibition / Race (anti-Klan)
 - Government should be more active
 - Republicans: Middle and Upper class – the party of business & hold-over progressives
 - Black vote
 - Government governs best by governing least

Presidencies:

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 - Died abruptly in 1923
 - Political Bosses managing local interests into national political power
 - Harding's scandals – Teapot Dome / VA
- Government to help Business – efficiency & productivity
 - Andrew Mellon, Sec of Treasury 1919-32
 - Tariff of 1922 highest in history
 - Tax reduction on corporations (from 66% to 20%, incomes, inheritance)
 - Industrial cooperation allowed for market stability / FTC suggested improvements
 - Federal support of State Programs - \$11M 1920 but \$93M by 1925
 - J.E. Hoover hired to modernize FBI
- Hoover – 1928
 - Elected over Wet/Catholic A.E. Smith
 - “Assoicationism”

The Crash:

- - - - High margin credit on anticipated value
 - International money input slowed 1929
- Purchasing power in too narrow a class
 - 5% of population held 33% of income
 - More than 40% of America were below “middle class”
 - Of 26M filing tax, 12M filing were \$1,550 or less (Middle class was \$2,500) 6M under \$1k
 - Production productivity up 50%
- Consumer spending drop in 1929
 - Lack of diversification
 - Housing & automobile were the major economic stimulus factors
 - Saturation of autos and homes
 - Housing starts slowing past 3 years
 - 1929 Auto sales down by 33%
 - Overproduction / layoffs / under-consumption & investment spiral

The Crash II:

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 - Rural unemployment and movement to cities
 - 1915 3K tractors by 1930 66K
- Banking Crisis:
 - Low fed rate spawned shaky loans
 - Urban banks buying rural bank loans
 - Investment banking loans for stock manipulation deals
- Stock spiral:
 - Oct '29, Black Tuesday – crash of 10%!!!
 - Wiped out total gain of 1929
 - Nov '29 lost another 50% of market value
- Lack of business confidence
 - Firms try to save and constrict themselves through problems

Initial phase of Depression:

- - - Devastates foreign economies
 - War debt loans default dominoes
 - Hoover tries “Business Confidence”
 - Msg. “Invest versus Save” – few takers
 - Lay-offs & under-consumption spiral in a consumer society
 - Government spending & revenue restriction
 - Reduced tax yield spawns lower spending
 - Fed Studies called for National action but Hoover resisted – was State’s job
 - Public works – too little, too late
 - Exhaustion of public / private relief
 - Restriction of credit / deflation / restriction of specie
 - Depression Statistics:
 - 9K Banks fail 1930 – 1933
 - Money in circulation fell 33% 1930 – 1933
 - GNP fell 25% 1929 – 1933
 - 2 million men become “Hobos”
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Depression Issues:

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 - Statistics – male and usually whites
 - Black unemployment > 50%
 - Sporadic and revolving – transition to and from “Under-employment”
 - Eating / housing / clothing problems – crime & dislocation
 - Shanty Towns / wandering Hobos
 - “Dust Bowl” Natural drought and dust storms to American prairie
 - 1930 world wheat market fell
 - 30% of Plains states farmers lost their land
 - “Oakies” – California Dreaming – RT 66 National migration to fictional jobs
 - Minorities – migration to cities
 - More Blacks move to northern cities
 - Life in the “nether” world massive unemployment
 - Traditional discrimination strengthened
 - Scottsboro boys (1931)

Depression Culture USA:

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 - Anti “Pin-Money” jobs attitude
 - Multi-family living / Home businesses
 - Family break-ups / desertions / crime & vice (divorces decrease)
- Depression Culture:
 - “Success ethic” – belief in the “system”
 - Dale Carnegie publishes 1936 How to Win Friends and Influence People
 - Self-help skills / education bonanza
 - Family & Friends networks sustain living
 - Radio is free – escapist / live / news
 - Movies – sound in 1929, then color / “Studio System” – Mass production / low price
 - Books “Emptiness of Materialism”
 - Dos Passos / Steinbeck / Fitzgerald / Hemingway

The Left:

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- American Socialist Party:
 - N Thomas – self help / economist aims
- The Popular Front:
 - 1936 – 39 Spanish Civil War – “doing something about fascism”
 - 3K Americans in Abraham Lincoln Brigade
- Widespread Anti-Red:
 - Congressional Committees – Dies of Texas, Fish of New York - investigating
 - Owners blamed “alien” trouble makers out of factories, farms, plantations, etc
- Popular Protest - Muted & local, but real
 - 1932 Farmer’s Holiday – failure
 - 1932 Bonus Marchers – June to July
 - Douglas Macarthur burning the shanty town

Hoover's response:

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 - Gov't mobilization of private organizations to meet crisis –
 - Belgium during war
 - Mississippi flood 1927
- Unemployment Relief:
 - Business and “Moral Character” will fix
 - President's Emergency Committee for Unemployment – 1930
 - Wanted Fed intervention but Hoover resisted
 - President's Organization on Unemployment – 1931
 - Emergency Relief and Construction Act – 1932 – make work / too little too late

Hoover's response II:

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 - 1930 The National Business Survey Conf
 - Owners not to cut back or lay-off workers - failed
 - 1931 \$400M+ public works projects - too little too late
 - One year War debt moratorium in 1931 - failed
 - 1932 Reconstruction Refinance Corporation –
 - Refinance banks, railroads and businesses
 - Helped big business performance but few jobs
 - Emergency Relief and Construction Act
 - \$1.5B Public spending on repayable projects
 - Tax hike of 1932 – attempt to balance budget

Election of 1932:

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 - Armed “Penny Auctions”
 - Farmer’s Holiday – restricts market / fails farmers and consumers
 - Bonus Army disaster
 - 1924 WWI vets will get bonus in 1945
 - 1932 summer 22K vets come to Washington to get bonus now
 - Set up shanty town in DC
 - Tolerated by DC police, HR passes measure, but defeated in Senate
 - Silent Marches around capital keeps pressure up yet Hoover does not meet with Vets
 - Gov’t clears the abandoned Treasury blg of squatters with troops under Gen D. Mac Arthur – bayonets, tear gas and burning down shanty town.
 - Hoover does not condemn MacArthur

Roosevelt landslide:

- - “Best and the Brightest”
 - Wins in a landslide