**America 1920-1973 Opportunity and Inequality**

**Revision Guide 2: Americans’ experiences of the Depression, New Deal and the 2nd World War.**

**Boom to Bust**

1928: Republican Herbert Hoover won the Presidential election – not surprising as the US economy was still booming and the Republicans had delivered prosperity over the 1920s.

BUT…In Oct 1929 the Wall Street stock market crashed, this meant the economy started to collapse too –boom years were over and the Great Depression began.

The Wall Street Crash: Millions of shares lost their value in the space of 10 days, many Americans lost huge amounts of money – particularly the rich and middle classes. They were the main buyers of consumer goods and they cut their spending. Many failed to pay back loans that they had taken out to buy shares. Banks started going bankrupt and consumer goods companies saw their sales slowing dramatically.

**The Effects of the Depression**

1. **Economic**
2. Businesses cut production and laid off workers. Industrial production fell

40% 1929-1933.

1. Wages reduced by av. 60% 1929-1933
2. 1933: 14million unemployed (25% of workforce) – in some industrial cities e.g. Cleveland (50%).
3. 000s of companies went out of business
4. 5,000 banks went bust
5. Farm production fell 40% 1929-1933. US trade fell dramatically $10bn to $3bn.

Many farmers lost their farms as they could not pay mortgages or bank loans.

Overproduction and drought in central areas resulted in ‘dustbowl’ – no longer possible to farm. Millions hit the road looking for work.

1. **Social**
2. **Hunger:** 1931 238 admitted to NY hospitals with malnutrition. Breadlines – charity handouts e.g. Salvation Army
3. **Homelessness** – rents and mortgages not paid so people lost their homes. Lived in shanty towns ***‘Hoovervilles’***.
4. Millions of farmers and unemployed workers travelled across USA to find work.

**Reaction of President Hoover**

No government help. ***Rugged Individualism*** – people should solve their own problems. ***Laissez-faire*** –business should be left alone to bring back prosperity (Not the government’s job). He said ***‘Prosperity is just around the corner’*** (economies went though boom and bust cycles, so prosperity would return).

Eventually forced to…..

* cut taxes - Reconstruction Finance Corp. set up to help banks
* Tariffs introduced to protect US trade (but this strangled international trade)

***‘Too Little, Too Late’***

Hoover also did little to help those suffering. He thought social security was not the responsibility of government and relief should be provided by charities and local govt. If the govt. helped people would become lazy.

**Bonus March** proved (to many Americans) how uncaring Hooverwas - Bonus Army (1ww veterans) wanted their bonus for war service paid early. Camped outside Whitehouse – peaceful protest. Hoover used the army (under General McArthur) to stop the protest: Tear gas and camps burned. Hoover said thank God US knew how to deal with the mob!

**Why did Roosevelt win the 1932 election?**

1. **Hoover** was President when the Depression started so he (and Republican policies) ***blamed*** for the suffering of the US people.
2. **Hoover** was seen as ***uncaring*** (e.g. over the Bonus Marchers) and refusal to use govt. money to help the desperate.
3. Hoover’s policies seen as ***‘too little too late’.*** He was accused (unfairly) of doing nothing to solve the economic crisis. Great contrast between him and Roosevelt.
4. **Roosevelt** seen as ***warm and caring, a man of action*** who had proved as Governor of New York that he helped ordinary people (using govt. money) – and that he believed in ‘active govt’.
5. **Roosevelt** was an ***excellent public speaker*** who led a successful campaign across the USA attacking Hoover and the Republicans (20,800km, 66 speeches). He was unclear on what he would do but promised he would do something!

1. **Roosevelt** promised the American people action and a ***New Deal***. Gave US ***hope!***

Landslide victory for Roosevelt by 7m votes. Worst defeat ever suffered by Republicans.

**The effectiveness of the New Deal**

**Aims of the New Deal**

3 main aims: ***Relief, Recovery, Reform***

* Relief for the old, sick and unemployed
* Recovery: Get Americans back to work and industry and agriculture back on their feet
* Reform: Bring about change so that such a Depression could never happen again.

**The 100 days (March-June 1933)**

Inauguration speech promised action on problems that faced America.

Most urgent problem was the lack of confidence in the banks. FDR closed them all for 4 days.

***Emergency Banking Act*** – only properly managed banks were allowed to reopen and stricter rules were introduced for banks

***Beer Act*** – signals the end of Prohibition. Taxes form beer raise money

***Fireside chats*** help FDR explain his plans to the people.

Expert advice from the ***Brains Trust***.

***Alphabet Agencies*** = govt. agencies set up to carry out the work of the New Deal.

**The First New Deal 1933-34**

**Federal Emergency Relief Administration (FERA)**

To help poor, unemployed and starving. Money to state govts. to run projects providing immediate help/relief: Soup kitchens/ temporary homes

**Civilian Conservation Corps (CCC)**

Work in countryside doing useful conservation work e.g. tree planting and constructing dams. For 2.5 million young, unmarried men.

**Agricultural Adjustment Act (AAA)**

Loans and grants to farmers to destroy crops and grow fewer crops. Pushed up prices. Helped farm owners. AAA helped farmers modernise and conserve soil.

**BUT**

Did not help farm tenants (sharecroppers) and farm workers. 1934: ***Dustbowl*** in mid-west. Oakies and Arkies have to travel west for jobs.

**Tennessee Valley Authority (TVA)**

Transformed the Tennessee Valley – dealt with flooding and soil erosion by building 20+ dams: Provided cheap electricity, lakes for transport, encouraged new industries and new jobs. Farming land much improved.

***‘ The pride of the New Deal’:*** Proved democracy could solve major problems.

**Home-Owners Loan Corporation (HOLC)**

Took over the mortgages of those in trouble with payments. Took over 1million mortgages and rescued approx. 20% of American homeowners from having their homes repossessed by the banks.

The National Industrial Recovery Act (NIRA) set up two important organisations:

**Public Works Administration (PWA)**

Long term work for skilled workers. Constructed many of US public buildings.

These schemes gave work to millions who spent their wages and so created more jobs. ‘Priming the Pump’ had worked.

**National Recovery Administration (NRA)**

Promoted improved working conditions, the end of child labour, fairer wages and prices through voluntary codes and the Blue Eagle symbol. ( opposition from some employers e.g. Ford). Eventually declared unconstitutional by the Supreme Court.

How far did the character of the New Deal change after 1934?

New Deal had created millions of jobs and restored confidence **BUT** met with opposition (doing too much/too little). FDR reacted to his critics by introducing:

***1935 The Second New Deal*** – extended and improved the first ND and replaced agencies made illegal by the Supreme Court. It concentrated more on workers’ rights and social security. It provided long lasting radical reform.

* ***Wagner Act 1935*** – Replaced the NRA. Established the rights of workers to join a trade union. It made it illegal for employers to sack workers for being in a union.
* ***Social Security Act 1935*** – Govt. responsibility to establish and ensure a welfare system for unemployment insurance, pensions and sick pay.
* ***The Resettlement Administration (RA) –*** helped small holders and tenant farmers not helped by the AAA. Moved 500,000 families to better quality land and housing.
* ***Works Progress Administration (WPA)*** – Replaced CWA. Work for unskilled. Became the country’s largest employer. Included work for artists, actors and office workers.

**Why did the New Deal encounter opposition?**

**Who opposed the New Deal?**

1. Rich taxpayers – had to pay higher taxes and thought money wasted
2. Republicans – destroyed US traditions and rugged individualism
3. Businessmen – govt. interference and disliked unions
4. Traditional Americans – FDR becoming a dictator
5. States’ rights campaigners – ND clashed with the right of states to make laws
6. Individuals: Coughlin, Townsend, Long – ND not doing enough.
7. Supreme Court – 9 judges (7 appointed by Republicans) declared Alphabet Agencies illegal – said FDR had misused his power and cut across the rights of states.

**Struggle with Supreme Court**

FDR threatened to create 6 new judges. SC backed down and FDR gave up the threat. Had made FDR unpopular – seen as threat of dictatorship.

**Was the New Deal a Success?**

**What did the New Deal achieve?**

1. Stopped Depression getting worse
2. Restored confidence
3. Created millions of jobs
4. Some welfare provisions (Social Security Act)
5. Construction work of lasting value (PWA, CWA, WPA) – roads, dams etc.
6. Showed democracy worked (TVA)
7. Farmers and homeowners kept their properties (HOLC)
8. More govt. involvement in business and daily lives.
9. Improved workers’ rights and conditions (Wagner/NRA)

**What were the main problems with the New Deal?**

1. Unemployment remained high and did not fall below 6million.
2. FDR too cautious and used stop/go tactics.
3. No civil rights – black Americans still 2nd class citizens
4. Schemes like the TVA not extended.
5. Difficult to win acceptance of trade unions.
6. Schemes like the AAA created waste and more unemployment (sharecroppers/blacks)
7. Big business remained powerful
8. Did little to help the poorest people.

**Popular culture in the 1930s**

**The car** continued to broaden peoples horizons and their leisure time (could travel to cinemas and sporting venues.

**The radio** was central to most homes (29m had one by 1939). Commercial stations like NBC, carried adverts but also hugely popular comedians and soap operas like ‘Our Gal Sunday’.

**Sport** was a popular pastime: Baseball/Basketball. Free tickets for women to encourage families. Could also listen on the radio.

**Cinema** still popular. Now showing talkies: Upbeat and confident musicals with Fred Astaire and Ginger Rogers but also more realistic ‘The Grapes of Wrath’.

**The Impact of the Second World War**

War broke out in Europe in 1939. Initially FDR determined to support ally Britain and then Stalin (after Germany invaded Russia in June 1941.

**Lend Lease**

Began 1941: USA loaned war material to allies, it was to be returned to the US after the war and not be charged if destroyed. By end of war, US supplying arms, food, medicine and equipment to USSR, China, France, Britain and other countries fighting Germany and Japan.

$50bn worth of material shipped.

US received no payment during the war BUT US industry supplying the world and this helped the US economy.

**Wartime production**

Achievements of US war time economy staggering. By 1944, US producing ½ weapons made in the world. How?

1. Willing industrialists…..who rallied round FDR and co-operated fully with his plans. War Production Board organised. Leading 100 firms had 80% of war contracts but 1000s of smaller firms involved in supplying, tools, materials and equipment.
2. Extra workers: 14m Americans were involved in wartime factories. Factories took on extra. GM took on extra 0.75m. 4m migrated from south to industrial north (many African Americans).
3. Women: 300,000 joined armed forces and 7m joined workforce (>x2 no. of women working before the war).

**Economic recovery**

USA only country in the 2WW to emerge economically stronger.

* 1/2m business started up and prospered due to war contracts
* Unemployment ended
* US farmers started exporting food to Europe
* Demand for workers stimulated wages and spending (like the 20s boom – but less extravagant). Many invested in war bonds (Lend money to govt and would get it back at end of the war) – this gave the Govt. money needed for wartime production.

**Social developments – Lead to tensions after the war**

**African Americans:** As Af-Ams fought against racist Germany….questions raised about racism at home.

* 1m Joined or conscripted to join armed forces. Segregation in jobs and treatment. But if stationed abroad were not subject to segregation (e.g. Britain).
* 2m working in wartime production. Many moved from South to industrial north and found a less segregated society.
* Expectations began to change: increasing demands for equal rights at home.

**Women:** Many entered workforce for 1st time. Proved capable and reliable. Enjoyed earning higher wages (and many did not want to return to pre-war lives).

% of married women working increased35-50% (1941-45). But prejudice against married women working remained after war….expected back in the home in 1945.

**Exam style questions: The American People and the Boom**

**Interpretation A:** A Republican opponent of the New Deal speaking in 1935.

The New Deal is nothing more or less than an effort to take away from the thrifty what the thrifty and their ancestors have accumulated, or may accumulate, and give it to others who have not earned it and never will earn it, and thus indirectly to destroy the incentive for all future accumulation. Such a purpose is in defiance of all ideas upon which our civilisation is founded.

**Interpretation B:** A speech by Roosevelt in the 1936 presidential election campaign

For twelve years this nation was afflicted with hear-nothing, see-nothing, do-nothing government. The nation looked to government but the government looked away. Nine mad years of mirage and three long years of despair……Powerful influences strive today to restore that kind of government with its doctrine that government is best which is most indifferent. …Never have these forces been so united against one candidate – me – as they stand today. They are unanimous in their hatred of me and I welcome their hatred.

1. How does Interpretation B differ from Interpretation A about role of the government?

Explain your answer using Interpretations A and B. (4 marks)

1. Why might the authors of Interpretation A and B have a different interpretation about the New Deal?

Explain your answer using Interpretations A and B and your contextual knowledge. (4 marks)

1. Which interpretation do you find the most convincing about the Roosevelt’s New Deal?

Explain your answer using Interpretations A and B and your contextual knowledge. (8 marks)

1. Describe the two reasons why Herbert Hoover did not win the 1932 presidential election.

(4 marks)

1. In what ways were the lives of African-Americans affected by the Second World War?

Explain your answer. (8 marks)

1. Which of the following was a more important reason why the USA recovered from the Great Depression of the 1930s:

* The work of the New Deal
* Opportunities created by the Second World War.

Explain your answer with reference to both reasons. (12 marks)