Politics of the 1920s

- Progressive Era reforms of the previous period are pretty much abandoned in the 1920s.
- Business and government are intimately linked
- Presidents of the decade are all conservative Republicans
  - Election of Warren G. Harding: “return to normalcy”
  - Calvin Coolidge
  - Herbert Hoover

HANDLING BUSINESS

- Republican Presidents favor high tariffs throughout the decade.
  - Pro business policies of the Republican administrations
  - Fordney-McCumber Tariff (1922) increase tariff
- Response to the high U.S. tariffs was Europe raised their own tariffs
  - Slows down global trade
- This close relationship with business lead to some scandals and corruption
  - Teapot Dome Scandal: Sec. of Interior Albert Fall accepted bribes in exchange for leasing government land to oil companies
- Warren G. Harding dies Aug. 1923
Calvin Coolidge & Herbert Hoover

- Calvin Coolidge continued the pro-business policies.
- Famous quote “The business of America is business.”
- Easily wins the election of 1924:
  - Progressive party candidate Robert La Follette did surprisingly well (especially amongst farmers and workers).
- Coolidge will not run again in 1928.

The Decade that didn’t ROAR: Farmers and Unions

- Union membership declined throughout the 1920s:
  - Companies favored an “open shop” (jobs open to nonunion workers).
  - Red Scare, Palmer Raids had turned public opinion against labor.
- Farmers experienced a decade of economic difficulty in the 1920s:
  - Following World War I less demand for crops from domestic and international markets.
  - Advancements in technology led to large increase in production:
    - Too much supply led to lower prices.

Herbert Hoover

- Election of 1928: Republicans nominate Herbert Hoover.
- Democrats nominate Governor of NY Alfred Smith.
  - His religion—Catholicism—becomes an issue during the campaign.
  - He also opposed prohibition.
- Herbert Hoover wins the election of 1928.
Reminder: The United States rejected U.S. joining the League of Nations

In the 1920s U.S. does not entirely withdraw from world affairs:

1. **Washington Naval Arms Conference** (1921):
   - Naval disarmament
   - Promote peace (especially in the Pacific)
   - Reduce defense expenditures

2. **Five-Power Treaty**:
   - Set ratios for battleships
   - U.S. & England agree not to fortify possessions in the Pacific

3. **Four-Power Treaty**:
   - England, U.S., France, & Japan will respect each other territory in Pacific

4. **Nine-Power Treaty**:
   - All nations at conference will respect the Open Door policy

5. **Kellogg Briand Pact**: treaty signed in 1928 that outlawed war
   - But: 1) Can't enforce it 2) allowed defensive wars

Following World War I, the U.S. becomes a creditor nation

- Loaned large amounts of money to European countries recovering from WWI

European nations were slow to recover from WWI and repay the war debts to the U.S.

- High tariffs weakened international trade
- Germany could not pay its war reparations; the nation was bankrupt and inflation was a major problem

**Dawes Plan** (1924)- adjusted German reparations payments

- American banks would loan money to Germany to help them rebuild and help pay reparations to England and France
- England and France would use their reparations payments from Germany to pay back loans to the U.S.
- Stock Market crash in 1929 would end this

Tremendous speculation spiraled the price of stocks upward ("buying on margin")

October 29th 1929 “Black Tuesday” over 16,410,030 shares of stock sold
- Stock prices plunge

Start of the Great Depression

- Economic collapse in both the U.S. and abroad
- Massive unemployment (peak at 25%)
- Thousands of banks fail
- Foreclosures of homes and farms
- Soup kitchens and breadlines
- Many people lived in shantytowns nicknamed "Hoovervilles"
### Causes of the Great Depression

- **Overproduction** in both agriculture and industry
  - Nation produced more goods than consumed
- **Workers wages did not increase enough**
  - Uneven distribution of wealth
- **Too much reliance on credit**
  - Installment plan over-stimulated consumer buying
  - Defaults on loans and bank failures
- **International economic problems**
  - War reparations, war debts, and high tariffs all contributed to the problem

### Hoover’s Response

- Initially Hoover was a “rugged individualist” and opposed government intervention
- **Hawley-Smoot Tariff** (1930): highest peacetime protective tariff
  - European nations enacted tariffs against U.S. goods
  - Worsened the depression in both America and abroad
- Economic problems continue, Hoover decides to take federal action:
  - **Reconstruction Finance Corporation** (1932) gave federal money to struggling business in the hope that the benefits would then “trickle down.”
  - Federal government would provide money to banks, railroads, and other financial institutions to prop them up.
  - They would then stabilize wages, reduce layoffs, etc. (“trickle down”)

### Bonus Army

- Veterans of WWI, like many Americans were suffering a great deal from the depression
- The “Bonus Army” marches to D.C. to demand immediate payment of their bonus
- Set up temporary housing known as “Hoovervilles”
- Hoover sent the army in to clear out the veterans
  - Led by Douglas MacArthur, the veterans are forced out with tear gas and bayonets
- Further tarnishes Hoover's reputation
- **Election of 1932** FDR is going to run against Hoover
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