From Boom to Bust
(1920-1930)

Dorothea Lange, 
*Migrant Mother*, 
Nipomo, California 
1936.
1. The USA in the 1920s and 1930s

By the end of the 19th century the USA was considered a world leader because:

- it was the richest country in the world with its economic power based on:
  1. agricultural prosperity
  2. massive industrial output
  3. rich mineral resources
- the gross national product, or total value of all goods and services, rose by 40%
- the economy performed well, especially for car manufacturers.
The economic boom had not prevented the rise of national problems.

1. Corruption in government

2. Spread of poverty among farmers and workers

They lived in dirty overcrowded slums

They toiled long hours for low wages

Investigations of corruption and social problems were introduced into the newspapers by muckrakers, reform-minded journalists.
The Republican Theodore Roosevelt (1858-1919) ➔ the 26th president of the USA

He made the navy stronger

He carried out a moderate programme of social legislation

He introduced the regulation and control of big businesses and destroyed trusts and monopolies
2. Theodore Roosevelt

Theodore Roosevelt also supported **conservation** and helped create the present 58 national parks. He advocated a **‘Big Stick Policy’** and used the proverb: *Speak softly and carry a big stick, you will go far!*

He negotiated **peace with other countries** but used threats to get them to agree with his ideas because he believed in the **superiority of the American Protestant culture** and hoped to spread these values.
2. Theodore Roosevelt

**The USA**

- **asserted** an economic control over almost all of Latin America especially after the Spanish-American War (1898)

- **annexed** Hawaii, the Philippines, Puerto Rico and many Pacific islands

- **leased** Panama and built the Panama Canal (1914) to connect the Atlantic Ocean with the Pacific Ocean
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2. Theodore Roosevelt
3. The USA and World War I

- The USA was part of the *Entente*
- War against Germany was declared in April 1917
- The armistice was signed in 1918
- Wilson’s *Fourteen Points*, the future *League of Nations*, were established

A general body made up of all nations to guarantee political independence and territorial integrity to all.
4. The economic boom of the 1920s

- **Public confidence** in government was high in the 1920s.
- Republican presidents, like **Calvin Coolidge**, favoured policies that helped business.
- Businesses and the **consumerism boom** were increased by:
  1. new and updated products like automobiles, toasters, ovens, sewing machines;
  2. advertising;
  3. increased wages;
  4. availability of credit and installment plans.

Calvin Coolidge, the 30th president of the USA.
Prohibition, was introduced in 1919 to fight the problem of alcohol consumption among the poor.

During the 1920s only 5% of New Yorkers obeyed the law.

Bootleggers were supported by organised crime.

Police were frequently corrupt.

The famous gangster Al Capone.
The Twenties were also characterised by reactionary attitudes such as the fear of Socialism, the Red Scare.

After the success of the Russian Revolution, communists, socialists and anarchists were persecuted and imprisoned.

The most famous case, on a charge of murder, was that of the Italian anarchists Sacco and Vanzetti.
7. The Wall Street Crash

Buying on Margin

- Investors **bought stocks with loans** from stockbrokers. They paid the brokers back after selling the stock.

- The market rose ➔ brokers
  1. required less margin for stocks.
  2. gave bigger loans to investors.

- Buying on margin was risky, because **fallen stocks left investors in debt**.

- If stocks fell, brokers could ask for their loans back.

The Federal Reserve

- The **Federal Reserve**, the nation’s central bank, worried about the nation’s interest in stock.

- It decided to make it harder for brokers to offer margin loans to investors.

- This was successful and stock prices rose to unrealistic levels.
7. The Wall Street Crash

The growth of the early 1920s created amazing gains but:

- in October 1929 some nervous investors began selling their stocks and others followed
- stock prices went down
- leading bankers were obliged to join to buy stocks and prevent a further collapse
- on 29th October, the so-called Black Tuesday, the market crashed

widespread and catastrophic consequences. 12.9 million stocks were sold on one day, share prices fell 15-20%.
The Great Depression produced economic suffering on a large scale:

- millions of people lost their savings
- workers lost their jobs when factories closed
- unemployment reached an amazing 25%
- the average family income dropped by 1/3
- many couldn’t pay their mortgages and lost their houses as a result
- several banks crashed
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8. The Great Depression

The natural disaster known as the Dust Bowl (1930-1936) was a period of terrible dust storms caused by severe draught in Oklahoma, Kansas, Colorado, New Mexico and Texas. It caused severe agricultural damage and migration from the Great Plains to the west.

A giant dust storm blacks out the sky of Goodwell, Oklahoma, during the Dust Bowl.
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9. Dorothea Lange (1894-1965)

Homeless people built shantytowns called ‘Hoovervilles’, named after President Hoover (1929-1933) who did nothing to help them.

Documented by Dorothea Lange.

She portrayed the Great Depression with striking images.

Paul S. Taylor, Dorothea Lange, 1936.
In 1932, **Franklin Delano Roosevelt** was elected president. He promised a *new deal of reforms for the American people.*

**Purposes of Roosevelt’s New Deal:**

1. **Relief** ➔ to provide jobs for the unemployed and to protect farmers from foreclosure
2. **Recovery** ➔ to recover the economy
3. **Reform** ➔ to regulate banks, to abolish child labour, and to conserve farm lands
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10. New Deal (1933-1938)

The meaning of the New Deal

1. Physical rehabilitation of the country ➔ dams were built, water power resources were developed.

2. Human rehabilitation ➔ the government was responsible for the health, welfare and security, as well as for the protection and education of its citizens.

3. Extension of democracy ➔ the concept of democracy included not only political rights but economic security and social justice as well.

A poster publicising Social Security benefits.