

MODERN HISTORY

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HTAV

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● IDEOLOGY AND CONFLICT
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UNITED STATES

1920–1941

- What was life like for different groups of people during the Roaring Twenties in America?
- What effect did the Wall Street Crash have on the US economy?
- What was life like during the Great Depression?
- How successful were Roosevelt's New Deal policies?
- How was social and political change reflected in art and culture?

'A chicken for every pot ... a car in every backyard.'

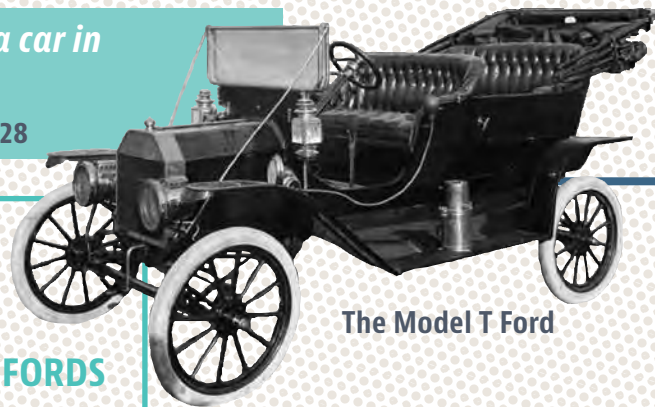
Republican campaign leaflet, 1928

1900

**4000 CARS
MADE IN THE US**

1927

**15 MILLION MODEL T FORDS
HAD BEEN MADE**



The Model T Ford

Actress Alice Joyce
models the flapper
style, 1927



\$290

COST OF A MODEL T FORD, THE
EQUIVALENT OF THREE MONTHS'
SALARY FOR A FORD WORKER

*'I am firm in my belief that anyone not
only can be rich but ought to be rich.'*

John T. Raskob, business analyst, August 1929

*'Sooner or later a
crash is coming, and
it may be terrific.'*

ROGER BABSON, BUSINESS
ANALYST, SEPTEMBER 1929

THE 'RUN ON THE BANKS'
IN NEW YORK



VALUE OF SHARES
ON THE NEW YORK
STOCK EXCHANGE
(USD)

OCTOBER 1929
\$87 BILLION

NOVEMBER 1929
\$57 BILLION



HERBERT HOOVER, US PRESIDENT, 1929–1933

*'While the crash only took place
six months ago, I am convinced we have
now passed the worst.'*

HOOVER, 1930

*'I pledge you, I pledge myself, to a new deal for
the American people. Let us all here assembled
constitute [make] ourselves prophets of a new
order of competence and of courage.'*

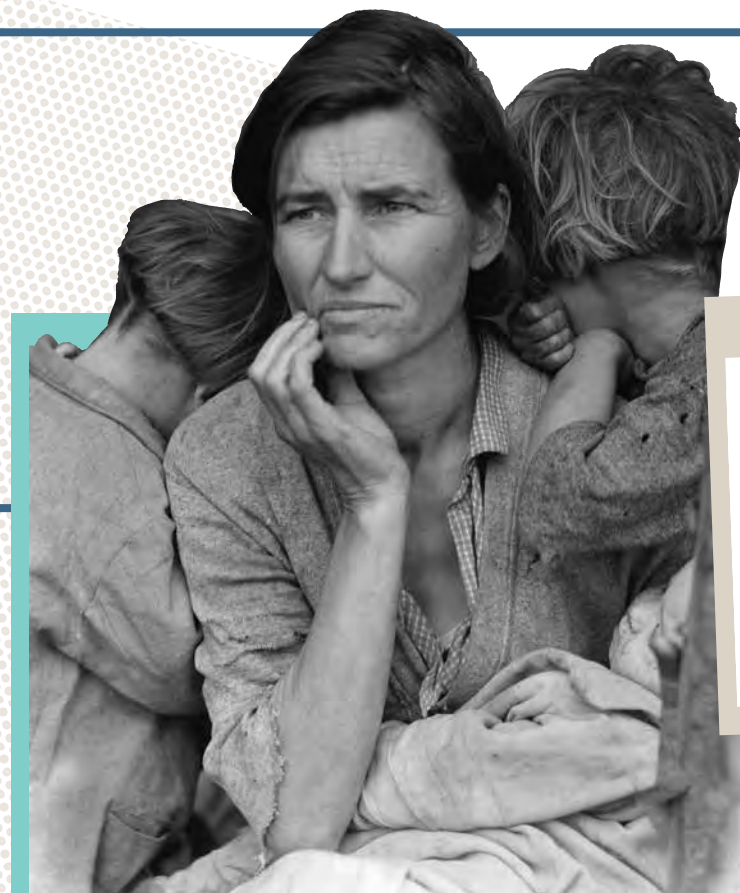
Franklin D. Roosevelt, July 1932

FRANKLIN D. ROOSEVELT, US PRESIDENT, 1933–1945



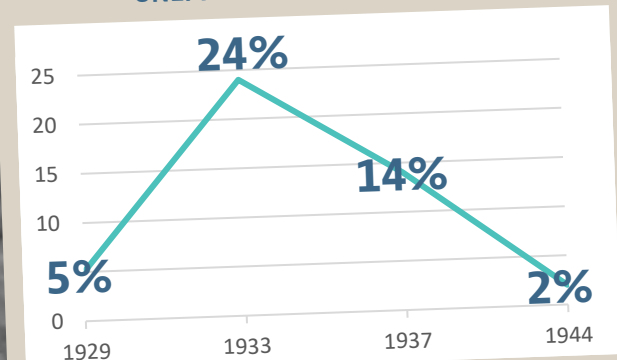
*'The only thing we have
to fear is fear itself.'*

ROOSEVELT, MARCH 1933



Migrant Mother by photographer Dorothy Lange, 1936

UNEMPLOYMENT IN AMERICA



*'December 7, 1941—a day
that will live in infamy.'*

ROOSEVELT ON THE BOMBING OF
PEARL HARBOR

THE ROARING TWENTIES IN AMERICA, 1920–1929

CHAPTER 7

'The business of America is business.'

CALVIN COOLIDGE, US PRESIDENT, 1925

The period between the world wars was one of great complexity and deep contrasts for the US. In the immediate aftermath of World War I, there was relief that the conflict was over and most Americans wanted to withdraw once again from European political entanglements. The 1920s was a generally prosperous decade, but the good life did not extend to African Americans, most women or to the uneducated and unskilled. A 'live for today' attitude characterised popular culture, but there was also a sense of disillusionment reflected in some of the art and literature of the decade. With new manufacturing and selling techniques, America experienced an economic boom during this decade. However, the good times masked deeper problems with the economy, and the **Roaring Twenties** came to an abrupt end with the **Wall Street** stock market crash in October 1929. The **boom** of the 1920s turned to bust in the 1930s, with dire implications for the US and the rest of the world.

KEY QUESTIONS

- Why did America reduce immigration after World War I?
- How did the lives of women change in the 1920s?
- What were the causes and consequences of **Prohibition**?
- What was life like for African Americans during the 1920s?
- Why did the US economy boom after World War I?
- What were the long-term and short-term causes of the Great Depression?

SIGNIFICANT INDIVIDUALS



SUSAN B. ANTHONY
Prominent leader of the American suffragette movement
Arrested in 1872 for voting



W.E.B. DU BOIS
Prominent African American leader
Started the National Association for the Advancement of Colored People (NAACP) in 1909



F. SCOTT FITZGERALD
A key writer of the 'Lost Generation'
Wrote the classic novel *The Great Gatsby* (1925)

Roaring Twenties

A phrase used to describe the 1920s, particularly in America, where people and the economy prospered.

Wall Street

The location of the New York Stock Exchange.

boom

An economic period of high employment, wages, confidence and consumer spending.

Prohibition

Making particular items or behaviour forbidden or illegal. In America, it was prohibited to make, sell or transport alcoholic drinks between 1920 and 1933.



Source 7.01

New York police officers look on as alcohol is poured down the drain during the Great Depression.

SIGNIFICANT EVENTS

1919

19 NOVEMBER — The US refuses to join the League of Nations

1920

16 JANUARY — Prohibition comes into force
26 AUGUST — Women in the US earn the right to vote

1924

26 MAY — The Johnson-Reed Immigration Act

1929

24–29 OCTOBER — The Wall Street stock market crash

HISTORICAL INQUIRY

Due to the vast amount of information available from the past, historians must make generalisations. The main problem with this is that, while broadly accurate, generalisations do not always account for the rich and complex variations of people's lives in the past. As you work through these chapters, consider the following questions.

7.01 Did all marginalised Americans in the 1920s face discrimination?

7.02 Do all people at a particular time agree with, and abide by, the law?

7.03 Did all Americans experience the economic boom of the 1920s?

7.04 Can one factor be the cause of complex events such as the Great Depression?



↑ F. Scott Fitzgerald, author of classic novels such as *The Great Gatsby*.

progressive

Liberal and forward-thinking.

American Dream

The idea that anyone in America, regardless of their status or class, can be successful.

segregation

When two groups in a society are kept separate by law, typically on the basis of race and to the considerable disadvantage of one of those races.

urbanisation

When a large amount of people move from the countryside to the cities over a period of time.

consumerism

The idea that people should purchase goods in an ever-increasing amount.

shares

Shares are bought and sold on the stock exchange or share market. Shares give the buyer part-ownership of a company.

metropolis

A large city; from the ancient Greek word for 'mother city'.

→ **Source 7.02** By 1928, almost 20 per cent of Americans owned their own cars.

A LAND OF OPPORTUNITY?

W.E.B. DUBOIS: 'We have today in the United States, cheek by jowl [jaw], Prosperity and Depression.'

The US in the 1920s was, on the surface, a prosperous, **progressive** and confident society. It was in the US that the phrase 'Roaring Twenties' was coined. This upbeat attitude was reflected in the growth of a consumer culture and an increase in the importance of possessions, such as cars and labour-saving household appliances. Medical breakthroughs, such as the development of the iron lung, helped to increase life expectancy. Simpler clothing and hairstyles were outward reflections of an increase in women's rights, and many Americans had access to radio, 'moving pictures' and jazz music. This heady mix of prosperity and progress was reflected in the culture of the time, including the work of novelist F. Scott Fitzgerald and the new 'talkies' (movies with sound) coming out of Hollywood.

However, there was another, darker side to the America of the 1920s. This was also the era of Prohibition and its related gangland activity, limited rights for women, and extreme poverty for those who did not have access to the **American Dream**. The period was particularly harsh for non-whites, especially African Americans, who suffered severe discrimination and **segregation**.

URBANISATION

One of the strongest features of the 1920s was increased **urbanisation**. This was partly driven by 'the great migration' of African Americans from the southern states, but also by improvements in technology and by the need for industrial workers. Immigration also swelled the numbers in the main cities because most new arrivals found that work was more easily available in the factories, shops and houses of cities, especially along the eastern seaboard.

The move to the city was made easier by improved transportation, particularly trains and cars. By 1928 almost 20 per cent of Americans owned a car. Industrial production more than doubled during the decade, leading to cheaper goods and allowing more people to buy into consumer culture. Increased advertising encouraged **consumerism**, and hire-purchase agreements allowed expensive items to be paid off over time. For the first time, ordinary Americans purchased **shares** on the stock market. Many investors thought this was an easy way to make a 'quick buck'. Cities were depicted in advertising and in movies as glamorous **metropolises**, a far cry from traditional, 'backward' lives in rural areas.



However, the reality of cities was often very different. Many workers faced oppressive working environments, cramped and unhygienic living conditions, and racism.

IMMIGRATION AND ISOLATION

EMMA LAZARUS: 'Give me your tired, your poor, your huddled masses yearning to breathe free.'

America has long been seen as a land of opportunity. During the nineteenth century, immigrants were drawn to America by the promise of freedoms and benefits that they could not hope to achieve in their own countries. By the early twentieth century, patterns of immigration were changing. **Migrants** were still drawn from Britain and western Europe, but there was an increasing influx of people from southern and eastern Europe. Migrants were attracted by the promise of prosperity—and by the opportunities for religious and political freedom. Many Jews fled persecution in Russia and Poland to settle in the US around the turn of the twentieth century.

Stefano Miele, 'America as a place to make money', 1921

If I am to be frank then I shall say I left Italy and came to America for the sole purpose of making money ... I was not seeking political ideals: as a matter of fact, I was quite satisfied with those of my native land. If I could have worked my way up in my chosen profession in Italy, I would have stayed in Italy. But repeated efforts showed that I could not. America was the land of opportunity, and so I came, intending to make money and then return to Italy. This is true of most Italian emigrants to America.

Bertalan Barna, 'From Hungarian banker to American pastry merchant', 1921

It was economic and social conditions that wrought the change ... I didn't know much about America ... because it was a new country, I thought it would be crude and underdeveloped ... I also heard that it was rich and big ... But there was something else—the spirit of America. I had heard that in America a man could start as a boot-black, as a street sweeper, could start in the lowest position, and if he had the ability, could work his way up to the highest, that it's not where a man starts but his ability that counts.

HISTORICAL SOURCES—PERSPECTIVES

Using Sources 7.03 and 7.04 and your own knowledge, respond to the following.

7.05 Outline the reasons why immigrants came to America.

7.06 Explain what immigrants did with the opportunities offered by life in America.

7.07 Analyse the significance of opportunity as a factor that drew people to America. Use evidence to support your response.

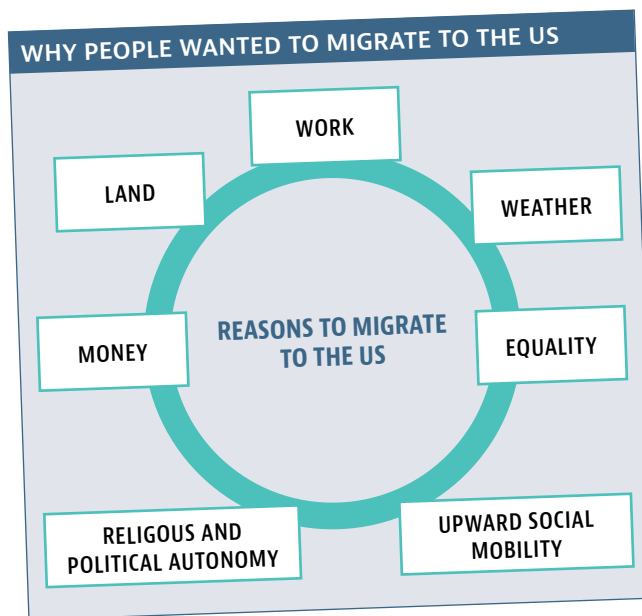
Did you know? On 19 November 1919, the US Senate refused to ratify the Treaty of Versailles by a vote of 39 to 55, far short of the two-thirds majority required.

migrant

Someone who moves from one place or country to another.

← **Source 7.03** *The World's Work*, 41 (1921): 204.

← **Source 7.04** *The World's Work*, 41 (1921): 206.



RESTRICTIONS ON IMMIGRATION

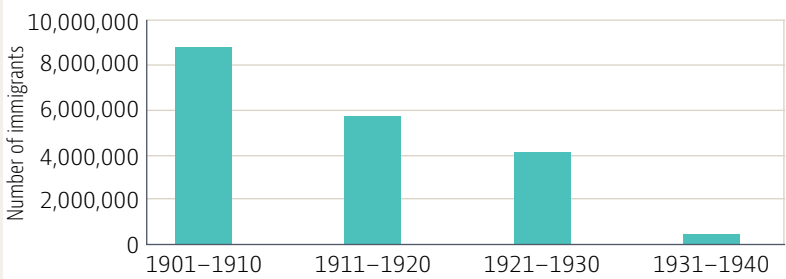
Although America supported the Allies at the start of World War I, it was not until April 1917 that the US actually became involved in the war. This decision followed Germany’s resumption of submarine attacks on civilian ships, and the revelation of a German plan to invade the US from Mexico. However, at the end of the war, the US public showed little interest in the outside world, turning away from membership of the League of Nations in 1919 despite President Wilson’s best efforts. Part of this attitude was due to war-weariness, but US isolationism was also linked to increased negativity about immigration.

During the 1920s there was an increasing tendency to question the merits of large-scale immigration. There was a perception that the ‘land of opportunity’ was becoming overcrowded and that only ‘suitable’ immigrants should be accepted.

Many of those who had come in search of the American Dream now believed that others should not be given the same opportunity. When immigrants arrived in New York, they were sent to Ellis Island and subjected to a difficult and searching census to determine whether they fitted the ambiguously defined criteria of a ‘true’ American. If migrants did not fit these expectations, they were sent back to their countries of origin at the expense of the shipping lines.

This isolationist attitude became entrenched with the Emergency Quota Act of 1921. To maintain ‘desirable’ immigration, the US government allowed only 3 per cent of people of any one nationality to migrate, based on their proportion of the population in the 1910 US census. This was followed by the Johnson-Reed Act of 1924, which further reduced the quota to only 2 per cent based on their proportion of the population in the 1890 US census. This greatly reduced immigration from southern and eastern Europe, and excluded Asian immigration altogether.

Immigration to America, 1901–1940



Source 7.05 US Census Bureau, *Statistical Abstract of the United States*: 1999, 872, www.census.gov/prod/99pubs/99statab/sec31.pdf

Did you know? Immigrants at Ellis Island were given a census that asked if they were deformed, if they had at least US\$30, and if they were polygamists (married to more than one person). If immigrants gave answers the inspectors did not approve, they could be sent back to their home country.

Source 7.06 Russian family travelling to the US on the SS *Orbita*, 1921.



CHECK YOUR UNDERSTANDING

- 7.08** In what way was America a land of contrast in the 1920s?
- 7.09** What were the causes and consequences of urbanisation over that time?
- 7.10** What factors contributed to America’s growing isolationism?
- 7.11** Why did the US start to restrict immigration in the 1920s?

CREATIVE TASK

7.12 Research an individual or family that migrated to the US during this time period. Examine why they moved to America, what they hoped to accomplish and whether they were successful.

This material could be presented in the form of a eulogy or an obituary to mark the death and celebrate the life of someone who brought their family to America.

THE PROHIBITION ERA

EIGHTEENTH AMENDMENT TO THE US CONSTITUTION: ‘The manufacture, sale or transportation of intoxicating liquors within ... the United States ... is hereby prohibited.’

During the nineteenth century there were many groups opposed to the manufacture, sale and consumption of alcohol. This movement, known as the **Temperance Movement**, began by campaigning about the dangers of alcohol before moving to support a total prohibition of the sale of alcoholic drinks. Many of these temperance societies were church groups concerned about social issues such as health problems, destitution and crime. There were also women’s temperance groups, such as the Woman’s Christian Temperance Union. Their main concerns were domestic abuse—physical, sexual and economic—that resulted from the over-consumption of alcohol. Women’s temperance societies had also opposed slavery in the decades before the Civil War (1861–1865), and supported women’s suffrage in the late nineteenth and early twentieth centuries.

Temperance groups helped create Prohibition through slogans and with support from groups as varied as churches and the **Ku Klux Klan (KKK)**. They emphasised the waste of resources used to produce alcohol, and even tapped into anti-German sentiment by highlighting the fact that many brewers in the US had a German background. Some also argued that the grains used to brew beer were needed to feed US soldiers in Europe and workers in munitions factories.¹ On 16 January 1919, the Eighteenth Amendment to the US Constitution was ratified and came into effect one year later. The National Prohibition, or Volstead, Act of October 1919 defined the term ‘alcoholic beverage’ and empowered state and federal governments to enforce the amendment. It also banned the sale and purchase of alcohol except for sacramental (religious) wine and medicinal alcohol. However, it did not ban people from actually drinking alcohol.

Amendment XVIII

Section 1.

After one year from the ratification of this article, the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

Did you know? Some people stockpiled huge supplies of alcohol before the Eighteenth Amendment and Volstead Act came into effect, while others drank medicines that could still have alcohol in them.

temperance
Refusing to drink alcoholic beverages.

Ku Klux Klan (KKK)
An American terrorist hate group that believes white people are the master race, and that African Americans, Jews, Catholics, Muslims, immigrants and other groups should be eliminated to keep society ‘pure’.

Did you know? To become part of the constitution, an amendment must receive two-thirds of the vote of both Houses of Congress, and then ratified by three-quarters of the state governments. It is very difficult to achieve this, and, hence, amendments are rare. Since the first ten amendments to the US Constitution (the Bill of Rights) in 1791 there have only been seventeen amendments (the last one was in 1992).

Source 7.07 US Constitution, Amendment XVIII, section 1. Legal Information Institute, www.law.cornell.edu/constitution/amendmentxviii





speakeasies
Places where alcohol was sold illegally.

bootlegged
Goods produced illegally.

➔ **Source 7.09** Confiscated materials used to make bootleg whiskey.

➔ **Source 7.08** 'The genii of intolerance: A dangerous ally for the cause of women's suffrage.' Political cartoon from the satirical magazine *Puck*, 1915.

HISTORICAL SOURCES—PERSPECTIVES

Using Source 7.08 and your own knowledge, respond to the following.

- 7.13** Identify the figures represented in this image.
- 7.14** Explain the purpose of using a genie in this image.
- 7.15** Explain what message the cartoonist is trying to convey by linking Prohibition with women's suffrage (the right to vote).
- 7.16** Evaluate the significance of women's temperance groups in the success of the Prohibition movement. Use evidence to support your response.

BOOTLEGGING AND SPEAK-EASIES

The initial enthusiasm over Prohibition quickly faded. Although some people stopped drinking, many others turned to illegal methods such as overbuying sacramental wines, getting fake prescriptions for medicinal whiskey or brandy, or drinking in **speakeasies**. Criminal groups manufactured **bootlegged** whiskey and sold it in their speakeasies, and the profits helped to make crime bosses and gangsters hugely powerful. It has been argued that the amount of alcohol consumed during Prohibition exceeded the amount consumed in the decades before or after the period of restriction. However, this claim is difficult to verify. Prohibition lasted from 1920 to 1933, and is generally considered to have been ineffective, as it did not reduce alcohol consumption—but it did increase the crime rate. In *Only Yesterday: An Informal History of the 1920s*, published in 1931, Frederick Lewis Allen argued that there was a strong link between Prohibition and the activities of gangsters such as Al Capone.²



The Prohibition period coincided with the jazz age, and inspired many popular songs such as *Kentucky Bootlegger*, *Moonshine*, *Prohibition Is a Failure* and *Intoxicated Rat*, which ridiculed Prohibition or celebrated the ways in which it was contravened.

CHECK YOUR UNDERSTANDING

- 7.17** Who wanted Prohibition in America? What reasons did they have for holding this view?
- 7.18** Which pieces of federal legislation brought in and enforced Prohibition?
- 7.19** Discuss three problems that arose once Prohibition was in place.

EXTENSION

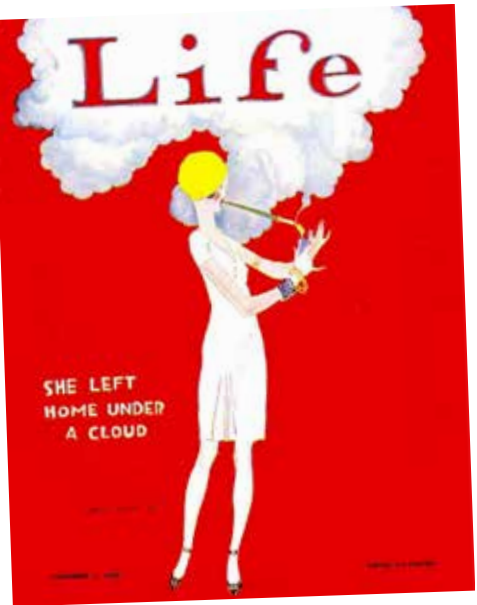
- 7.20** Debate the following topic: 'Prohibition was a failed attempt to make life better for ordinary Americans.'

WOMEN: FLAPPERS AND THE FRANCHISE

COLLEEN MOORE: 'They were smart and sophisticated, with an air of independence about them ... I shared their restlessness.'

After World War I there were numerous changes in American society. One new development was the concept of the 'new woman' or **flapper**. She challenged the role of women who stayed at home and focused on the **domestic sphere**. There had always been a small number of women who challenged the status quo, but in the 1920s larger numbers of women—especially young women—attempted to create a stronger place in society for themselves. The development of new office technology, such as the telephone switchboard and the typewriter, opened up new opportunities for women to work in offices, as using these machines was seen as 'women's work'.

The idea of the flapper as a confident, intriguing woman with short hair and short skirts, exploring the world on her terms, was marketed in films, songs, advertisements and magazines. Actresses such as Clara Bow, Louise Brooks, Evelyn Brent and Gloria Swanson epitomised the image of the flapper.



However, the position of women in the 1920s was rather more complicated than the popular image suggests. Women's experiences during World War I encouraged some of them to take more active roles in the family and in the workforce. Many women had moved into male-dominated roles during the war. At the end of the war they faced a dilemma: should they return to traditional roles to release jobs for male breadwinners, or should they continue in the roles that had given them freedom and independence?

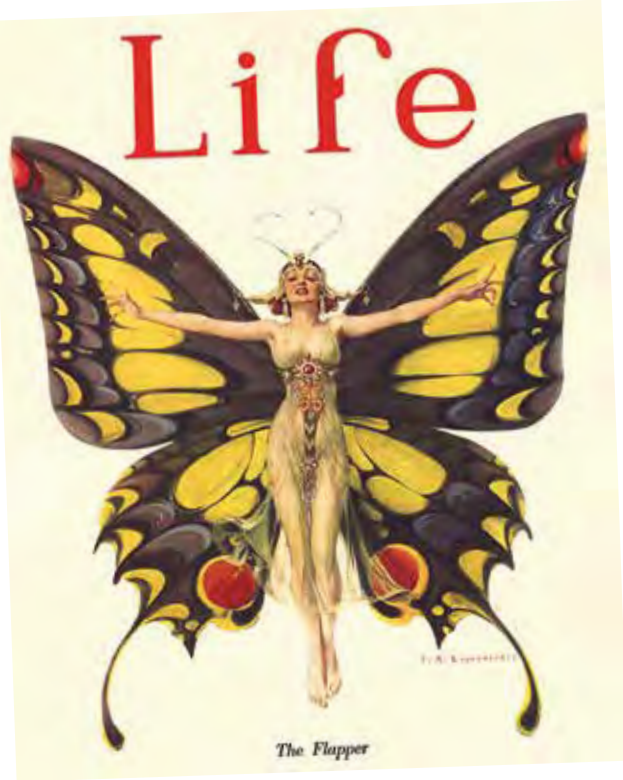
flapper
A term for a young American woman in the 1920s who defied traditional gender roles due to her appearance, actions and habits.

domestic sphere
Work done in the house, such as cooking, cleaning and raising children.

➔ **Source 7.10** 'She left home under a cloud.' Flapper image on the cover of *Life* magazine, 1925.



Source 7.11 'The Flapper.' Cover of *Life* magazine, 1922.



Women were aided in their endeavours by increased opportunities for birth control. Advocates such as Margaret Sanger campaigned for education about birth control and the legalisation of birth control clinics. Information on how to control the size of their families—or prevent childbirth altogether—gradually became available to middle- and upper-class women, while poorer women, especially in rural areas, had little access to this information.

Despite considerable progress during the 1920s, women still faced discrimination, **patriarchal** expectations about female behaviour and a constitution that, despite giving them the right to vote, did not necessarily give them equal rights.

HISTORICAL SOURCES—PERSPECTIVES

Using Sources 7.10 and 7.11 and your own knowledge, respond to the following.

- 7.21 Describe the features of a flapper.
- 7.22 Explain how closely the image of the flapper reflected the reality of life for most women in America.
- 7.23 Analyse the importance of the changing roles for women in American society in the 1920s. Use evidence to support your response.

patriarchal

Relating to a system in society, government or the family where male members dominate and make the decisions.

suffragette

A woman who campaigned for the right to vote.

WOMEN AND THE VOTE

Women had been campaigning for the right to vote in the US since 1848. The key **suffragette** group was the National American Woman Suffrage Association (NAWSA), which was led by Elizabeth Cady Stanton and Susan B. Anthony. The Woman's Christian Temperance Union was also active in the campaign. The pressure for women's votes was often associated with the Temperance Movement, as both ideals were related to the welfare of women and children.

Lucy Branham, suffragette, 1919.

lobby

Representatives who seek to promote the interests of a particular company or industry, usually to gain favourable government attention.

feminine

Appearance, behaviours and activities that are usually associated with women.



Despite the work of these organisations there was considerable opposition to women getting the vote. Patriarchal males feared that giving the vote to women would bring unwelcome change and undermine the social order. The liquor **lobby** feared the influence of suffragettes on Prohibition, and some wealthy women were concerned that the vote would take women outside the boundary of 'proper' **feminine** behaviour. The National Association Opposed to Woman Suffrage (NAOWS), created in 1911, campaigned against giving the vote to women on the grounds that they would be less likely to engage in charity and community work if they had the vote. NAOWS published a newsletter called *Woman Patriot*, which challenged progressive ideas about women's roles.

During World War I, many suffragettes stopped protesting to help the war effort, and some historians believe that this demonstration of nationalistic spirit led to women being given the vote. On 26 August 1920 the Nineteenth Amendment to the US Constitution was ratified, allowing women to vote. NAWSA disbanded as a suffragette movement but reformed as the League of Women Voters. Although women now had the vote, they were still restricted in many ways, such as wage inequality, marital rights, sexual discrimination and legal protection.

Several of the most active suffragettes were also writers or journalists who used their pens to spread the cause for the female vote. Among them were Alice Stone Blackwell, author of *Lucy Stone: Pioneer of Woman's Rights* (published 1930), and Harriot Stanton Blatch, a major contributor to *History of Women's Suffrage* (published between 1881 and 1922).

Significant individual

SUSAN B. ANTHONY, 1820–1906

Susan B. Anthony was a prominent leader of the American suffragette movement. Interested in liberty and rights from a young age, Anthony collected anti-slavery petitions when she was seventeen. With fellow activist Elizabeth Cady Stanton, Anthony founded multiple associations and organisations that called for the abolition of slavery and the vote for women. Anthony was arrested in 1872 for voting but she refused to pay the fine. She pressured Congress to pass an amendment to legally permit women to vote in elections. When the Nineteenth Amendment was passed in 1919, it was informally named after Anthony in her honour.



She said: 'Women must not depend upon the protection of man, but must be taught to protect herself.'

Said about: 'Susan Anthony was [the women's suffrage movement's] incomparable organizer, who gave it force and direction for over half a century.' (*Eleanor Flexner, scholar*)

CHECK YOUR UNDERSTANDING

- 7.24 Which individuals and groups demanded for the right for women to vote?
- 7.25 Explain the arguments put forward against women receiving the vote.
- 7.26 When were American women granted the right to vote?

HISTORICAL INQUIRY

7.27 The NAOWS was created by women. After researching this group, in 200 words compare and contrast their views and values with those of the suffragettes.
Why do you think many suffragettes put protesting aside during World War I? How did this help their cause?

CREATIVE TASK

7.28 Create a poster about the suffragettes. Include a timeline of the women's suffrage movement, biographies of two key figures, and a flowchart showing key ideas and actions.

EXTENSION

7.29 Create a dialogue between a woman committed to the idea of votes for women and a member of the NAOWS. Each woman should speak five times and present the arguments used by 'her side'.



STEREOTYPES AND SEGREGATION

IDA B. WELLS-BARNETT: 'The way to right wrongs is to turn the light of truth upon them.'

JIM CROW LAWS

While many people were living the American Dream during the 1920s, the African American population saw little of the progress and prosperity of the postwar era. Since the 1870s most African Americans, particularly in the southern states, were subject to laws of segregation known as 'Jim Crow' laws. These laws were created between 1877 and the 1960s to segregate African Americans from the white population. Until the 1920s, approximately 90 per cent of all African Americans lived under Jim Crow laws because they resided in the south.

In 1896, a part-African American man named Homer Plessy brought a Supreme Court case against the state of Louisiana over segregation on trains. Plessy argued that segregation violated the Constitution, which guaranteed all Americans equality under the law. The Supreme Court found that segregation was legal as long as facilities were 'separate, but equal'.³ This decision enshrined segregation practices, with separate facilities for non-whites, including water taps, toilets, hospitals, schools, railway cars and restaurants. Although facilities were separate, they were rarely equal.



➔ **Source 7.12** A restaurant for 'coloured' cotton workers, 1937.

➔ **Source 7.13** (far right) A theatre for 'colored people' in Mississippi, 1937.



➔ **Source 7.14** Ulrich B. Phillips, 'The Central Theme of Southern History,' *The American Historical Review*, 34:1 (October 1928): 31.

White people in the south

Yet it is a land with a unity despite its diversity, with a people having common joys and common sorrows, and, above all, as to the white folk a people with a common resolve indomitably maintained that it shall be and remain a white man's country. The consciousness of a function in these premises, whether expressed with the frenzy of a demagogue or maintained with a patrician's quietude, is the cardinal test of a Southerner and the central theme of Southern history.

HISTORICAL SOURCES—PERSPECTIVES

Using Source 7.14 and your own knowledge, respond to the following.

7.30 Find definitions for these words: resolve, indomitably, frenzy, demagogue, patrician, quietude, cardinal.

7.31 Research the life and opinions of Ulrich B. Phillips. What argument is he making in the source?

7.32 Do you think this statement is an accurate reflection of views of the south in the 1920s and 1930s? Discuss with reference to Sources 7.12–7.15.



➔ **Source 7.15** A man drinking at a 'colored' water cooler in Oklahoma City, 1939.

THE KU KLUX KLAN

Life for African Americans in the southern states was made more difficult by the renewed popularity of the KKK, a **white supremacist** organisation. The KKK was founded in 1865 when the American Civil War ended, but declined once southern whites regained control of state governments during the Reconstruction period. The KKK movement revived and became more open in the early twentieth century, helped by Thomas Dixon Jr's 1905 book *The Clansman: An Historical Romance of the Ku Klux Klan*, and the 1915 silent film version by D.W. Griffith called *Birth of a Nation*.

Did you know? D.W. Griffith's film about the KKK, *Birth of a Nation*, was the first twelve-reel film made in the US. It goes for 133 minutes, with each reel lasting eleven minutes. It was also the first film to be shown at the White House under US President Woodrow Wilson.

The KKK's revival started in Georgia in 1915, and used recruitment drives in the 1920s to increase its numbers and power. This version of the KKK was not just anti-black—it was also anti-Catholic, anti-Jewish and anti-foreigner. The KKK used threats and violence to ensure the status quo, forming **lynch** mobs and burning crosses planted near the homes of people they wanted to intimidate. Their numbers began to dwindle during the Great Depression, and their decline continued after World War II. However, there are still groups today who call themselves the KKK and promote a racist agenda.

white supremacist

An organisation or group that believes in the racial and cultural superiority of white people.

Did you know? The name 'Ku Klux Klan' comes from the Greek work *kyklos*, meaning 'circle' or 'brotherhood', combined with 'clan'. It suggests that at least some of the founding members had a university education in the classics.

lynch

Execution, usually by hanging, without legal authority.



Did you know? The song ‘Strange Fruit’ was originally written as a poem by Abel Meeropol in response to the lynch murders of Thomas Shipp and Abram Smith. It was published in 1937. Meeropol then put it to music and Billie Holiday sang it in 1939.

HISTORICAL INQUIRY

7.33 Listen to ‘Strange Fruit’ sung by Billie Holiday. Discuss how the song connects to the social context, especially the historical time period, discrimination in the southern states, and racism.

CAUSE AND CONSEQUENCE

7.34 Imagine that you are the member of the lynch mob who said James Cameron was not involved. Write a short monologue explaining your actions and how you felt at this event. Make reference to specific laws, attitudes and conditions that related to African Americans in the south in the 1930s.

Source 7.17 James Cameron, ‘Man who was almost lynched’, *Ebony* 35:6 (April 1980): 154.



Source 7.16 In 1930, Abram Smith and Thomas Shipp were accused of murdering a white man and raping a white woman. They were dragged out of jail, beaten and lynched. A sixteen-year-old boy named James Cameron was also accused of the crimes but escaped lynching.

James Cameron recalling how he was almost lynched

One end of the rope snaked out and sailed up out of the mob and fell across the limb of the tree. But before the crowd could hang me, it happened! A voice rang out above the deafening roar of the mob. It was an echo-like voice that seemed to come from some place far, far away. It was a feminine voice, sweet, clear, but unlike any voice ever heard ... ‘Take this boy back. He had nothing to do with any raping or killing!’ That was all the voice said. Abruptly, **impossibly**, a deadening, deafening, shattering quiet settled down over the mob as if they had been struck dumb ... I could feel the hands that had beaten me unmercifully removing the rope from around my neck.

FROM SOUTH TO NORTH

The segregation, poverty and violence faced by many African Americans in the south led to the **great migration**, where large numbers of people moved from their rural lives in the south to the cities of the north. It started during World War I, when African Americans began to work in factories in the northern states, and continued well into the 1970s. By the 1920s, the New York suburb of Harlem was home to more than 200 thousand African Americans.⁴ In the northern cities there were more opportunities for African Americans to become involved in the political, financial, social and cultural life of the country.

great migration

The movement of significant numbers of African Americans to northern US states in the early twentieth century.

Racism was still a facet of life, but it wasn’t as **institutionalised** as it was in the southern states. Segregation in southern states still applied to black entertainers, who were becoming increasingly popular in bars and casinos. They could perform on stage, but they were banned from drinking with the guests or sitting in the audience to watch other performers. They were not even allowed to walk through the front doors of the venues where they performed. As Sammy Davis Jr said of performing in Las Vegas, even in the 1950s ‘we had to leave through the kitchen with the garbage’.



Source 7.18 African American men in the lobby of the ‘Chicago coloured YMCA’, 1915.

institutionalised

Set in law or formalised as a norm by custom.

CHECK YOUR UNDERSTANDING

7.35 How did Jim Crow laws oppress southern African Americans after the Civil War?

7.36 Explain why membership in the KKK fluctuated from its founding in 1865 to the 1920s.

7.37 Why did thousands of African Americans migrate to the northern states in the early twentieth century?

7.38 To what extent did they find the equality they sought when they got there?

THE EARLY CIVIL RIGHTS MOVEMENT

Even before the Civil War there had been African American voices—and some white voices—raised against the unequal treatment of black and white Americans. Support for a change to the segregation laws increased early in the twentieth century. The National Association for the Advancement of Colored People (NAACP) was founded in 1909 by W.E.B. Du Bois and Ida B. Wells-Barnett to fight for civil rights. Their first focus was a race riot in Springfield in 1908, which was sparked by the unsuccessful attempt of a mob of white men to lynch two African Americans accused of a violent attack. NAACP membership grew quickly from nine thousand in 1917 to ninety thousand by 1919.⁵ Unlike their opponents, who used violence to enforce segregation and discrimination, the NAACP was nonviolent in its attempts to create a more equal society. The NAACP used lobbying, legal cases, peaceful protests and publicity to make small incremental changes during the 1920s and 1930s, which paved the way for bigger civil rights after World War II.

Black leaders such as W.E.B. Du Bois, Langston Hughes, Claude McKay and Zora Neale Hurston also used the

Significant individual

W.E.B. DU BOIS, 1868–1963

Was founder of the NAACP.

Believed in the dignity of African Americans and racial equality.

He said: ‘The problem of the twentieth century is the problem of the color line.’

Said about: ‘Du Bois is remembered as one of the greatest intellectuals of the twentieth century, the father of the American civil rights movement.’ (*Justin Briggs, historian*)

Contributed to change by being an early and important proponent of equal rights for African Americans.



Did you know? Many southern states had laws that prohibited black and white people from marrying each other. This did not change until 1967, when the Supreme Court case *Loving v Virginia* overturned these laws.



HISTORICAL SOURCES—PERSPECTIVES

Using Source 7.19 and your own knowledge, respond to the following.

7.39 Who are the ‘nine and one-half millions’?

7.40 Outline what conditions they faced in their working life.


7.41 Research the author of this piece, W.E.B Du Bois. How might his background have influenced his writing?

7.42 Analyse the significance of leaders in bringing about change for African Americans in the 1920s. Use evidence to support your response

written word to challenge the inequalities of American life, and specifically to target segregation. Du Bois’s 1924 book *The Gift of Black Folk: The Negroes in the Making of America* highlighted the achievements and contributions of African Americans to the economy and culture of the nation since the seventeenth century.

The reality of racism

What did they see? They saw nine and one-half millions of human beings. They saw the spawn of slavery, ignorant by law and by deviltry [wickedness], crushed by insult and debauched [perverted] by systematic and criminal injustice. They saw a people whose helpless women have been raped by thousands and whose men lynched by hundreds in the face of a sneering world. They saw a people with heads bloody, but unbowed, working faithfully at wages fifty per cent lower than the wages of the nation and under conditions which shame civilization, saving homes, training children, hoping against hope. They saw the greatest industrial miracle of modern days—slaves transforming themselves to freemen and climbing out of perdition [hell] by their own efforts, despite the most contemptible opposition God ever saw—they saw all this and what they saw the distraught employers of America saw, too.

 **Source 7.19** W.E.B Du Bois, ‘Of Work and Wealth,’ in *Darkwater: Voices from Within the Veil* (New York: Harcourt, 1920), americainclass.org/sources/becomingmodern/divisions/text2/duboisstlouis.pdf

LITERATURE

Americans were becoming increasingly well-educated and literate, and the key element of a good education was reading classical literature. However, magazines were also very popular with their serialised stories and advertisements. This period, with its emphasis on luxury, glamour and living the American Dream, was epitomised in F. Scott Fitzgerald’s *The Great Gatsby*. While appearing to praise and validate the American Dream, *The Great Gatsby* also offers a sharp critique of the inequality of the times and the callousness of its characters. The Newbery Medal to celebrate children’s literature was first awarded in 1922; the ageless title *The Voyages of Doctor Dolittle*, by Hugh Lofting, won the award in 1923.


Other writers provided a bleaker vision of the era, depicting the world’s loss of values after World War I. *The Waste Land* (1922) by poet T.S. Eliot characterised the disillusionment of the postwar period, as did Ernest Hemingway’s 1929 anti-war novel *A Farewell to Arms*.

FAVOURITES AND FAME

New technology also allowed adventurous people to test the boundaries of human endeavour. The Indianapolis 500 was already an important event on the car-racing calendar, and ocean liners were crossing the Atlantic at record speeds. Charles Lindbergh was immortalised for his solo flight from New York to Paris in 1927. His widespread fame was made possible through the new technology of radio, with millions of listeners following his every move.

 Charles Lindbergh.



 *The Sheik* was a 1921 silent romance starring Rudolph Valentino and directed by George Melford.



 *The Kid* was a 1921 silent comedy directed by and starring Charlie Chaplin.

POPULAR ENTERTAINMENT

JACK ROBIN IN *THE JAZZ SINGER* (1927): ‘We in the show business have our religion too—on every day, the show must go on!’

RADIO AND CINEMA

Radio broadcasting began in the US in 1920 with one station, KDKA, but quickly spread throughout the country, encouraging the mass adoption of radios in homes. Radios allowed people to listen to a range of music, plays, news reports and sporting events within the comfort of their own homes. Cinema was almost as popular, with audiences for screen idols such as Rudolph Valentino, Mary Pickford and Charlie Chaplin growing rapidly. Cinema began with silent films, where the action was accompanied by live piano music played in movie halls. It was only in 1927 with *The Jazz Singer* that there were ‘talkies’ for the first time—movies with sound.

This was also the era of the charleston dance and the increasing popularity of jazz. Jazz was primarily an African American style of music that incorporated pianos with the traditional brass orchestra.

THE HARLEM RENAISSANCE

There was a flowering of black culture among the many African Americans who gathered in Harlem in the 1920s. This was called the ‘Harlem *Renaissance*’ or sometimes ‘the New Negro movement’ after the book by Alain LeRoy Locke.

Harlem was a popular destination for African Americans migrating north, and they often ended up exploring avenues of cultural expression that had previously been closed to them. Plays were written and performed without blackface stereotypes; jazz musicians such as Duke Ellington became popular and celebrated for their musical ability; dancers such as Josephine Baker became well known; and there was an increase in the range of books and magazines being published.

However, some African Americans were concerned that much of this cultural development was for white people—for example, books published through white publishers, and music performed for white audiences—who saw the African Americans as ‘other’ and ‘primitive’ rather than treating them as cultural equals.

renaissance
A cultural or social rebirth, named after the Italian Renaissance of the fifteenth century.

HISTORICAL SIGNIFICANCE

7.43 Use the material here and your own research to explain the significance of the Harlem Renaissance. Why was it so important? Consider the time period when writing your answer.

CHECK YOUR UNDERSTANDING

- 7.44** What key technologies radically changed mass entertainment in the 1920s?
- 7.45** How did increasing education standards affect reading tastes in the US in the 1920s?
- 7.46** To what extent was the Harlem Renaissance a significant change from the roles traditionally played by African Americans in entertainment? Use evidence to support your response.



Did you know? The Spanish flu emerged in 1918, and by 1920 had killed between twenty and fifty million people. There were more than 500 million cases worldwide. It probably emerged in army camps or hospitals on the Western Front or in the US. It was called the Spanish flu because, even though the pandemic did not start in Spain, the first reports came from that country. For the sake of secrecy and morale, wartime censorship prevented journalists from reporting on the widespread illness suffered by Allied troops.

share market

Also known as the stock exchange, this is a place where shares in companies are bought and sold. Shares give the buyer part-ownership of a company and a portion of its profits.

➔ **Source 7.20** Ben Walsh, *Modern World History* (London: Hodder Education, 2013), 277.

➔ **Source 7.21** Ben Walsh, *Modern World History* (London: Hodder Education, 2013), 275.

BOOM AND BUST

JOHN T. RASKOB, BUSINESS ANALYST, AUGUST 1929: 'I am firm in my belief that anyone not only can be rich, but ought to be rich.'

THE ECONOMIC BOOM

The US came out of World War I stronger than any other economy in the world. After a brief recession, caused in part by soldiers returning from the Western Front and the Spanish flu pandemic, the American economy experienced a remarkable boom in the 1920s. Unemployment was low and wages were high. Factories were mass-producing consumer goods at a price that most Americans could afford. This was fuelled to some degree by easy borrowing and cheap credit. Americans believed that they could 'buy now and pay later', confident in the knowledge that, with a secure job, they could eventually pay off their debts. The banking system believed this too, and was more than happy to lend money; the banks made a profit on the interest they charged. The *share markets*, particularly Wall Street in New York City, lured investors with the promise of a quick and easy profit. It seemed like the good times would never end.

Economic statistics from the era tell the story of a nation and people experiencing a boom time.

The US economy during the 1920s

	1920	1929
Gross National Product (GNP)	\$73.3 billion	\$104.4 billion
Steel production	40 million tons	55 million tons
Average annual wage	\$1308	\$1716
Radios produced	100,000	350,000
Consumer borrowing	\$25 billion	\$80 billion
Number of shareholders*	4 million	20 million

* US population 122 million

Unemployment in the US during the 1920s



New York City seemed to epitomise the boom. The population reached six million in 1925, making it the largest city in the world at the time. By the end of the decade, 2749 buildings in New York were more than ten stories high. Many, such as the Chrysler and Empire State buildings, were constructed in the latest architectural style known as Art Deco.

REASONS FOR THE BOOM

There were a number of reasons for the postwar upsurge in the US economy. They all contributed to one of the most rapid and spectacular periods of economic growth in modern history.

FACTORS BEHIND THE 1920s ECONOMIC BOOM

CONSUMERISM AND HIRE-PURCHASE SCHEMES

Higher business profits meant that, on average, workers were paid more. This allowed them to spend money on items they desired. Credit from banks was easily obtained.

GOVERNMENT POLICY

The Republican presidents of the 1920s (Harding, Coolidge and Hoover) favoured a laissez-faire policy where the government kept taxes low and generally did not interfere with business. There were few regulations on banks, lending institutions or the share market.

MANUFACTURING TECHNIQUES

Henry Ford pioneered new techniques such as the conveyer belt to bring work to the worker. More efficient production meant more goods could be produced and sold for a lower price.

FACTORS BEHIND THE ECONOMIC BOOM OF THE 1920s

FARMING TECHNIQUES

During World War I, demand for agricultural products rose. Farmers experimented with artificial fertilisers and used tractors and mechanical harvesters to increase crop yields.

ADVERTISING AND MARKETING

Government propaganda during World War I opened up new possibilities in mass communication. Advertising focused on people's innermost fears and desires, and suggested that consumer goods were the answer.

PROTECTIVE TARIFFS

To protect US business from foreign competition, in 1922 Congress passed the Fordney-McCumber Tariff Act, which placed a tax on imports. This made US goods cheaper and increased their sales.

CONTINUITY AND CHANGE

7.48 Answer the following question in a 300-word response.

- Explain why the 1920s in America is considered to be a period of economic boom. Use evidence to support your response.



WHO MISSED OUT ON THE BOOM?

While it may appear that every American in the 1920s lived the good life, not everyone enjoyed the benefits of the economic boom. Despite the overall increase in wages and the standard of living, there was a great deal of inequality in the US. The richest 5 per cent of Americans possessed one-third of the wealth, whilst the poorest 42 per cent owned only 10 per cent.⁶ While ordinary workers did not do as well as the wealthy minority, other social groups missed out on the good times.

Source 7.22 An African American boy picking cotton in the south.



sharecroppers
Farmers who worked on rented land.

- **Farmers.** The demand for food during World War I, as well as new techniques and machinery, meant that farmers were growing too much produce during the 1920s—more than Americans wanted to buy. This pushed down the price of food and cut deeply into the farmers' profits. Overall income for farms fell from US\$22 billion in 1919 to just US\$13 billion by 1928.⁷ Many farmers, particularly those on small farms, could not pay their debts and had to sell their land. They drifted to the big cities to look for work.
- **African Americans.** Whether they lived in the south or had migrated to the north, African Americans still lived in poverty and faced discrimination and violent racism. Those in the south were **sharecroppers**—farmers who worked on rented land. They paid their rent by sharing a portion of the crop they harvested. What was left was often only just enough to get by on, and often they fell into debt. African Americans in the northern cities found that they lost their jobs when servicemen returned from World War I. Others could only get the most menial, lowest-paid jobs on offer.⁸
- **Trade Unions.** Workers who joined trade unions, and the union representatives themselves, found America in the 1920s to be hostile to the notion of workplace reforms. Wealthy business owners such as Henry Ford felt that unions encouraged workers to demand better conditions and higher wages, both of which lowered company profits. Strikes were broken up by the police or hired thugs, often with a great deal of violence. Union members found it difficult to keep a job or find a new one if they were fired.⁹

THE ORIGINS OF THE GREAT DEPRESSION

The Great Depression was the most significant economic crisis of the twentieth century, at least for the Western world. In countries such as the US, Canada, Great Britain, Germany, Australia and New Zealand, the 1930s was a time of high unemployment, bank closures and low consumer demand. This had a devastating impact on the lives of ordinary men and women, who struggled to keep their jobs and could not find a new one if they were fired. Many struggled to feed and properly house their families. Millions around the world fell into poverty and relied on government handouts and charity to survive.

Such a dramatic event demands close attention from historians, and challenges us to ask why it happened. A common assumption is that the Wall Street Crash of October 1929 caused the Great Depression. The Wall Street Crash did play a key

role, but it was not the only cause. Like all significant events of the past, the Great Depression was a complex phenomenon with many contributing factors. It was the result of several interlinked factors, both long term and short term; taken together they suggest that underneath the boom of the 1920s there were deep-seated structural economic problems that were not recognised until it was too late.

THE FARMING SECTOR

Overproduction in the US farming sector outstripped public demand, leading to a collapse in the price of agricultural produce—on average by 50 per cent. By 1925, farmers collectively owed US\$2.7 billion to rural banks, which they could pay back but many farmers could not afford to stay on the land. As a result, approximately six million farmers—roughly 10 per cent of Americans living in rural areas—moved to the cities looking for work. This included 750,000 African Americans.¹⁰

OVERPRODUCTION

The manufacturing techniques that were developed at the turn of the century made it possible to mass-produce goods cheaply and sell them for a low price. However, over the course of the 1920s, however, companies started to make more goods than customers needed or wanted. In 1919, nine million cars were made. This increased to twenty-six million in 1929. Over the same time period, radio manufacturing grew from sixty thousand to ten million per year. For every fridge made in 1921 there were 167 in 1929. Overall, productivity increased by 43 per cent over the 1920s.¹¹ Such a production boom can only be sustained, and profitable, if consumers are willing to buy the goods.



Did you know? In 1908 it took a work crew twelve hours to assemble a car, and only ten thousand were built in the US that year. In 1927 a Model T Ford was built every ten seconds. By the end of the decade, 20 per cent of Americans owned a car.

➡ (far left) A 1925 Model T Ford still in working order today.

➡ Henry Ford, founder of the Ford Motor Car Company.

UNDERCONSUMPTION

The flip side of overproduction is underconsumption. There are many reasons why demand for goods no longer matched production over the course of the 1920s.

- Restrictions on immigration in 1921 (the Emergency Quota Act) and 1924 (the Johnson-Reed Act) meant that there was not the population growth necessary to keep up with production.
- In 1922, Congress passed the Fordney-McCumber Tariff Act. This placed a tax on all imported goods. This was meant to protect American companies from foreign competition by making imports more expensive than locally made products. However, this Act had the opposite effect. European countries responded by creating their own tariffs. US companies that exported products found that there was no longer a foreign market. US exports fell from US\$680 billion in 1920 to US\$580 billion in 1930, which decreased business profits.¹²



- While Americans generally became richer over the course of the 1920s, the wealth was concentrated in relatively few hands. The richest 5 per cent of Americans earned one-third of the total national income. Roughly 60 per cent of families earned less than \$2000 per year—the minimum thought necessary for survival.¹³ The unequal distribution of wealth was facilitated by the US government's economic policy, whereby taxation of the wealthy fell from 50 per cent of their income in 1921 to 20 per cent in 1926. The wealthy minority could not absorb the excess production.
- Borrowing from the banks rose from US\$25 billion in 1920 to US\$80 billion by 1929.¹⁴ This rising level of debt over the course of the 1920s made many Americans reluctant to borrow more money to spend on consumer goods, such as cars and radios, or to buy shares on the stock market.

These factors combined to drastically reduce consumer demand for manufactured products by the end of the 1920s. As historian Hugh Brogan notes, 'Warehouses were choked with unsold goods, and factories were beginning to diminish their output'.¹⁵ As a result, companies started to lay off workers.

These longer-term factors meant that the US was not on as sound an economic basis as it seemed. By the late 1920s it was becoming evident to many Americans that the economy was in trouble. But for America to tip over into an economic depression, a short-term catalyst was required. That catalyst was the Wall Street Crash of October 1929.

CHECK YOUR UNDERSTANDING

- 7.49** Explain the factors that contributed to the boom in the US economy in the 1920s.
- 7.50** Which social groups in the US missed out on the boom of the 1920s?
- 7.51** Why did these groups miss out?
- 7.52** List and explain the main causes of the downturn in the US economy in the late 1920s.

CAUSE AND CONSEQUENCE

- 7.53** Read over the information on the causes of the Great Depression. Present this in a new format, such as a slideshow or mind map.

HISTORICAL SIGNIFICANCE

- 7.54** In a 200-word response, explain which factor you think was most responsible for the Great Depression in America. Justify your response.

THE WALL STREET CRASH

Prior to World War I, buying and selling shares at a stock exchange was reserved for the wealthy. The high cost of the war led the US government to ask its citizens to buy Liberty Bonds. The government could use the money raised to fund the war effort, while the purchasers were guaranteed their money back plus 3.5 per cent interest. This encouraged many ordinary Americans to invest for the first time. Bonds could also be traded on the stock exchange, which introduced people to the idea of buying and selling stock in share markets such as Wall Street in New York.

In 1920, approximately four million Americans held shares. However, by 1929 this had increased to around twenty million (out of a population of 122 million). Making money on the stock exchange seemed so easy. Investors bought shares in a company and sold

them again when the price had gone up. The investor then pocketed the profit. With production and **consumption** running high throughout the 1920s, the share price of stock in any particular company always went up, and it seemed as though there would always be someone else willing to buy them. Investors were so certain of making a profit that many borrowed money from the banks to buy shares. When they sold their shares at a higher price, investors would repay the loan, including the interest. This was called **borrowing on the margin**, and it became extremely popular in the 1920s.¹⁶ Banks were keen to lend because it seemed certain that the loan would be repaid. In 1929, banks lent investors US\$9 billion for share market **speculation**.¹⁷ In the unregulated financial climate under Republican Party presidents Harding, Coolidge and Hoover, banks could also invest directly in the stock exchange by using their customers' lifesavings.

The value of shares in a company listed on the stock exchange is a reflection of several factors. The size, assets, debt levels, profits and potential future profits all go into the value of a company's shares. However, what can also affect share market value is *demand*. If many people want to buy a particular item, such as shares in a company or a house, its value (or price) will go up. The opposite happens when demand declines. In the optimistic atmosphere of the 1920s, when it seemed impossible that the good times would come to an end, people were confident that share prices would always go up. They bought shares, which pushed up the price, and further inflated their value. In 1925, the value of all stocks on Wall Street was US\$27 billion; by October 1929 it had reached US\$87 billion. But with manufacturing slowing down by the end of the 1920s, the share market no longer reflected the true nature of the US economy. Investors, so used to seeing the value of their shares go up, started to worry that their shares were not worth what they had paid for them.

Did you know? When borrowing on the margin, investors could put down a deposit as little as 10 per cent of the value of the shares. The banks would provide the rest and charge interest.

Source 7.23 A poster from 1917 encouraging immigrants in America to buy Liberty Bonds.

EXTENSION

- 7.55** Pick a well-known company on the Australian share market (the ASX) and take note of the value of their shares over a number of days or even weeks. Does it go up or down? What factors might have affected this? What has been the value of this company's shares over a longer time frame (months and years). Do some research and find out why the market value of shares in this company has fluctuated over time.

consumption

Use of goods and services.

borrowing on the margin

When someone borrows money from the bank to invest, hoping that they can cover their repayments (the margin) when they sell the shares for a profit.

speculation

When people borrow money to buy stock market shares, gambling or 'speculating' that the price of shares will rise and they will get a return that covers the original money borrowed, plus a profit from the sale of their shares.





Source 7.24 Crowds of nervous investors gather on Wall Street during the crash.

Source 7.25 Derrick Murphy, *United States 1776–1992* (London: Collins Educational, 2001), 171.

BLACK THURSDAY AND BLACK TUESDAY

Over the course of 1929, some economists started to worry about the market value of their shares. Even though the US economy was starting to slow down, the share price kept going up. Investors were concerned that if the value of their shares dropped, they would have to sell them for less than what they had borrowed from the banks. This would put many into deep debt. Roger Babson, a business analyst, summed up this fear on 5 September 1929: 'Sooner or later a crash is coming, and it may be terrific. Factories will shut down, men will be thrown out of work, the vicious circle will get in full swing and the result will be a serious business depression.'¹⁸

A little less than two months later, Babson was proved correct. On Thursday, 24 October (Black Thursday), investors started to panic about the value of their shares and started to sell heavily. By the end of the day, 12.8 million shares had been sold and US\$4 billion wiped off the value of the New York Stock Exchange. Tuesday, 29 October (Black Tuesday) was even worse. Sixteen million shares were sold. By November the value of shares on the stock exchange had fallen by US\$30 billion. The share market had completely collapsed, taking many investors' savings with it. The good times had come to an end.

The price of shares in the late 1920s

COMPANY	3 MARCH 1928	3 SEPTEMBER 1929	13 NOVEMBER 1929
American Can	\$0.77	\$1.82	\$0.86
Anaconda Copper	\$0.54	\$1.62	\$0.70
Electric Bond and Copper	\$0.09	\$2.04	\$0.50
General Electric	\$1.29	\$3.96	\$1.68
General Motors	\$1.40	\$1.82	\$0.36
New York Central	\$1.60	\$2.56	\$1.60
Radio	\$0.94	\$5.05	\$0.28
United States Steel	\$1.38	\$2.79	\$1.50
Westinghouse E & M	\$0.92	\$3.13	\$1.02
Woolworth	\$1.81	\$2.51	\$0.52

HISTORICAL SOURCES

Using Source 7.25 and your own knowledge, respond to the following.

7.56 Describe what happened to the price of shares on the New York Stock Exchange from 1928–1929.

7.57 Explain the series of events that led to this.

7.58 Evaluate the extent to which Source 7.25 is useful in explaining the state of the US economy by the end of the 1920s. Use evidence to support your answer.

CHAPTER 7 REVIEW

The 1920s was a particularly turbulent era for the US. It emerged in a stronger position than any other nation in the aftermath of World War I, yet retreated into isolation. The creed of the nation was liberty and equality, but many were denied basic political, civil and human rights. The land that had once welcomed millions of migrants turned its back on them. If the 1920s was an era of experimentation and **permissiveness**, it was also a time of tradition and prohibition.

The wealth generated by American-style capitalism in the 1920s was unlike anything the world had ever seen. Factories offered employment to millions and churned out consumer goods that were cheap enough for most people to afford. Even though some were left behind by the boom and still lived in poverty, business confidence was high and banks were eager to lend money to people who were looking to make a quick profit. The stock market offered such a promise, and millions took the plunge.

However, the US economy was built on shaky foundations, and by the end of the decade negative economic data suggested that the share market was grossly overvalued. Panic selling in October 1929 led to a stock market crash. This created the conditions necessary for the worst economic crisis of the twentieth century.

permissiveness

A situation where certain types of behaviour that are usually not tolerated are allowed.

KEY SUMMARY POINTS

- America was seen as a land of freedom and opportunity for all.
- Immigrants, women and African Americans faced prejudice and discrimination.
- The 1920s was a decade of economic growth and prosperity.
- Many different groups in America did not share in the wealth.
- The American economy was not as strong as it seemed.
- The Wall Street Crash wiped out the savings of millions of Americans.

REVIEW

7.59 American politics in the 1920s was dominated by the Republican Party. How successful was it in improving the lives of ordinary people?

7.60 What were the underlying weaknesses in the American economic system during the 1920s?

7.61 Who do you think were the three most influential individuals in America in the 1920s? Write a paragraph for each of your choices, justifying your selection with evidence.

EXTENDED RESPONSE

7.62 Write a 250–350-word extended response to one of the topics below. Your response should include a clear contention, arguments supported by relevant evidence, and a clear conclusion.

- Explain how the 1920s was an era of both intolerance and permissiveness.
- Explain the key factors that contributed to the outbreak of the Great Depression in the US.
- Explain how artistic expression was a reflection of the confidence and disillusionment of America in the 1920s.

ESSAY

7.63 Write a 600–800-word essay on one of the topics below. Your essay should include an introduction, paragraphs supported by relevant evidence from primary sources and historical interpretations, and a conclusion.

- Analyse the extent to which everyone benefitted from the economic boom in the US.
- 'Women and African Americans achieved significant political and economic gains in the 1920s.' Discuss.
- 'The Wall Street Crash was caused by a mixture of greed and ignorance.' To what extent do you agree with this statement?

HISTORICAL INTERPRETATIONS

7.64 While historians agree that complex historical events such as the Great Depression have multiple causes, they frequently disagree on which cause was the most important. This does not necessarily mean that particular historians are right or wrong. It simply means that there are different interpretations about the past.

Access the works of different historians who have written about the origins of the Great Depression (such as Hugh Brogan, Howard Zinn, Paul Johnson, J.K. Galbraith, Eric Hobsbawm, Piers Brendon and any others you can find), and make a list of their positions on this debate. Once you have done this, write an essay or report outlining your own opinion. Cite various historians' works, as well as primary sources, in your response.



THE GREAT DEPRESSION

THE ARGUS NEWSPAPER, 7 MARCH 1931:

'She told of her husband's daily heart-breaking search for work. Two years ago he lost a steady job ... Never since has he been able to get anything better than intermittent work ... In recent months he has walked the streets ... from early morn to setting sun in a fruitless search for a job of any kind or any duration.'



Source 1 A man searches for work in Sydney, 1932.

KEY POINTS

- A common view of the Great Depression is that it began with the collapse of US share prices in October 1929. In reality, business had been declining and unemployment increasing since 1927.
- The Wall Street collapse on Black Tuesday, 29 October 1929, saw a spectacular fall in share prices. People sold their shares for any price, usually much less than they had paid for them.
- Western capitalist countries experienced high unemployment from the late 1920s into the mid-1930s. At the Depression's peak, more than 25 per cent of workers were unemployed in some countries. In Germany, nearly 44 per cent of workers were unemployed. Unemployment varied greatly over time, from region to region and across different social groups (such as age, gender and race).
- Each country made various political, economic and social responses to the economic situation. In the US, President Franklin D. Roosevelt introduced the New Deal in 1933, which gave relief work to unemployed workers and helped build public works. In Germany, Hitler also provided work for the unemployed, often in military developments and rearmament.
- The worst effects of the Depression began to fade from the mid-1930s as unemployment fell and national economies stabilised. However, the Depression only ended for many countries in 1939 with the beginning of World War II.

KEY TERMS

bank run or 'run on the bank'

When a large number of customers try to withdraw their deposits from a bank or financial institution at the same time. This creates a spiral of more panicked customers, and may lead to the bank being forced to close its doors as it runs out of cash.

deflation

A general decrease in the price of goods and an increase in the purchasing value of money. This may be associated with higher unemployment, when jobs are scarce and people have less money to spend on goods.

economic depression

A prolonged and sustained period of low economic activity, with high and rising unemployment and low demand for goods.

inflation

A general increase in prices and a fall in the purchasing value of money. The opposite of deflation. People may have work, but their wages buy increasingly less.

laissez-faire

A government policy of not interfering with or attempting to control the economy.

recession

A period in time when there is a decline in economic activity.

speculation

When people borrow money to buy stock market shares, gambling or 'speculating' that the price of shares will rise and they will get a return that covers the original money borrowed plus a profit from the sale of their shares.

shares

Shares give the buyer part-ownership of a company. Shares are bought and sold on the stock exchange or share market.

OVERVIEW

The world economy often goes through periods of ups and downs, from times when there is strong trade and people are generally better off, to times when there is a recession, with less trade, fewer goods produced and economic hardship. The 1930s Great Depression was a particularly severe decline, with high unemployment and very low levels of trade and manufacturing. The period created images of long queues of workers seeking employment, families evicted from their homes and living in 'shanty towns', and a population that 'went without' food and basic goods.



Source 2 Unemployed men queue outside a Chicago soup kitchen.

These images of the Great Depression were certainly real, but they do not tell the whole story. Countries suffered economic and social hardship to greater and lesser degrees, and there was great variation among countries. Some social groups suffered greatly, while other social groups, even in hard-hit countries such as America and Australia, experienced little or no hardship.

The Great Depression is generally dated from 1929, when the New York Stock Exchange 'collapsed', but trade and commerce had begun to shrink by 1927. Most countries experienced their worst effects in 1932 or 1933, when unemployment was highest and there was often a sense of hopelessness. By 1933, governments in most affected countries began to implement specific policies to reverse the dire economic and social circumstances. By 1934, unemployment rates, bank failures and business failures began to decline significantly. Despite this, by 1939 unemployment was often still higher than it had been in the early 1920s, and it was only with the start of World War II, in September 1939, that the economic damage of the Depression was finally over.



1930s CULTURE

Songs, musicals and films from the 1930s were heavily influenced by the social and economic circumstances of the Depression. Films were a relatively inexpensive diversion from personal hardships. The 1933 film *Confidence* included the song 'Brother, Can You Spare a Dime?' *Gold Diggers of 1933* included the songs 'We're in the Money' and 'Remember My Forgotten Man'. A feature of *Gold Diggers*, and several other popular 1930s films, was Busby Berkeley's colourful choreographed displays of dancers and chorus girls. Comedian Charlie Chaplin gained great popularity by playing 'the Tramp'.



↑ Charlie Chaplin.

quota
A set number or proportion.

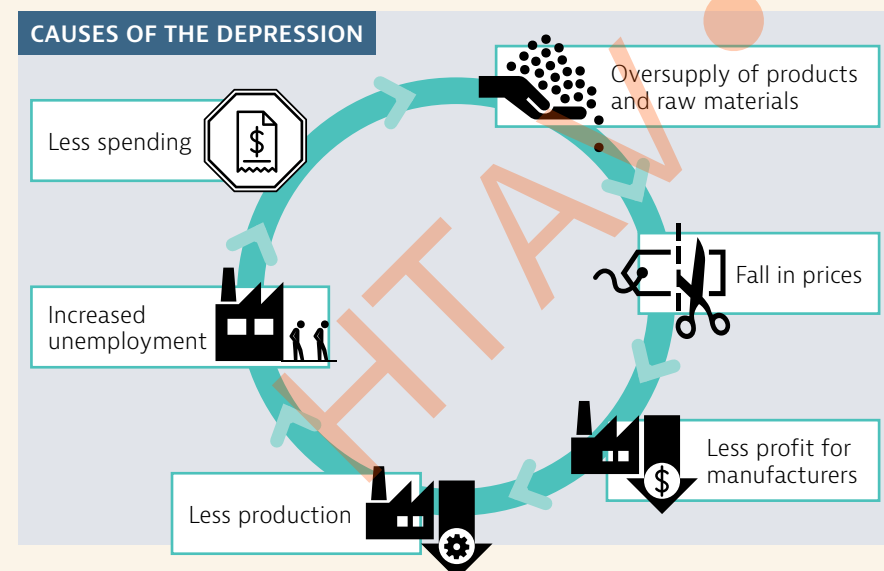
tariff
A duty or custom imposed on imports or exports. A tariff on imports is designed to protect local industry or production.

CAUSES OF THE GREAT DEPRESSION

There were three long-term causes of the 1930s Great Depression. To finance World War I, Britain and Europe borrowed heavily from the US; in the 1920s, the US continued to lend money, for example, to Germany to help its reparations payments. This meant that, in the 1920s, whatever happened to the US economy was bound to seriously affect the world economy. The US was a new financial power and its inexperience meant that it did not foresee problems that would result from the inflated 'bubble' of the stock market. At the same time, many countries desperately wanted to return to the economic stability of a prewar world. However, the 'old world' no longer existed: economies such as those of Britain were now more dependent on industrial growth than on agriculture. In the 1920s, agricultural products and raw materials were overproduced, which led to a serious fall in prices for these goods. Governments imposed **quotas** and **tariffs** on imported goods to protect their own jobs and industries.

Due to these events, the world economy began to spiral towards a severe depression by about 1927. As workers had their wages cut or lost their jobs altogether, people bought less and manufacturers reduced their production—thus, increasing unemployment. Unemployed people spent even less money than wage-earners. In an effort to help local employment, governments imposed greater tariffs or quotas on imported goods, so every industrialised country found it more difficult to sell their goods. And so it went on.

The US suffered the same effects. By 1928, the US started to recall its overseas loans, which meant that countries that had borrowed heavily—including Germany—could no longer fund their recovery. At the same time, the US stock market was booming. People borrowed money to speculate, and share prices spiralled upwards. However, this pattern could only continue if people had confidence that it would continue. In October 1929, panic set in: few people wanted to buy shares, and most wanted to sell. Share prices crashed and millions of people lost their money. Those who had borrowed to speculate could no longer repay their loans. There was a run on the banks, and many people and institutions—including a number of large European banks—defaulted. And so the spiral continued.



EFFECTS OF THE GREAT DEPRESSION

The most noticeable effect of the Wall Street collapse and the deflationary economy was the number of unemployed workers. The increase was rapid. For example, in Germany there were just under two million unemployed workers in 1928, nearly three million in 1929 and over six million in 1932. Every Western industrialised country suffered similar unemployment rates. By the height of the Depression (in 1932 or 1933 for most countries) national unemployment was generally between one-fifth and one-quarter of the workforce.



↑ **Source 3** Former farmer William Swift in his squatter shack in Circleville, Ohio, 1938.

There had been economic depressions before, but nothing on this scale. Governments had few ideas about how to respond to it. Many believed in a laissez-faire approach—that is, do nothing and let the economy repair itself. In Australia, Labor premier of New South Wales, Jack Lang, suggested Australia should refuse to repay some of its interest on loans from Britain. This created bitter controversy between those who believed the Bank of England was cruel to insist on loan repayments when Australian workers and their families suffered, and those who believed the government should reduce its own expenditure rather than default on its loans.

As unemployment continued to rise, wages fell. Families that could not pay rent or mortgages were sometimes evicted, forcing them to move in with relatives or, in the worst cases, to makeshift shanty towns. In Australia, the caves under the Sydney Domain housed unemployed people, families lived in tents or shacks made from discarded materials such as hessian bags, and there were frequent sightings of men 'carrying their swags' as they walked along roads seeking work.

IMPACT OF THE GREAT DEPRESSION ON POPULAR ATTITUDES AND POLITICAL LEADERSHIP

As a result of the unprecedented Great Depression, some people turned to extreme political solutions. In Germany, Hitler and the Nazi Party's promises were very appealing, and after Hitler took power in 1933 unemployment fell rapidly. Even in established democracies such as Britain and Australia, people flirted with political parties of the extreme left or right. In Australia, some unemployed people found socialism appealing and were encouraged by reports of full employment in the Soviet Union. Residents of shanty towns were often referred to as 'Red Ragers', and right-wing groups such as the New Guard and the White Army also gained more support. In Britain, Oswald Mosley's British Union of Fascists, formed in October 1932, initially attracted support.



Another visible result of years of depression was marches of unemployed workers. One of the better known is the Jarrow March in October 1936. More than 200 unemployed men walked 480 kilometres from Jarrow in north-east England to the British Parliament in London. The marchers carried a petition from the unemployed people of Jarrow, calling for government aid for the poverty-stricken town. Although famous—and well supported by the local communities that provided shelter and food to marchers as they passed through their towns—the Jarrow March was not successful in gaining government aid for Jarrow. There were numerous shorter marches and demonstrations by unemployed people to raise awareness of their plight and to call for improved support.

As the Depression deepened, governments were forced to provide relief for long-term unemployed people and their families. In Australia, ‘sustenance’ or ‘susso’ was provided in the form of rations and vouchers. It was strictly *means-tested* and gave only meagre provisions. Australian governments, including local governments, sometimes provided jobs on public works programs, such as road building.

means-tested
Investigating someone’s financial position to determine if they are eligible for assistance.

Source 4
Ian Turner (ed.), *Cinderella Dressed in Yella* (Melbourne: Heinemann, 1969), 109.

A popular ‘skipping song’ sung by Australian children in the 1930s
We’re on the susso now,
We can’t afford a cow,
We live in a tent,
We pay no rent,
We’re on the susso now.

HISTORICAL SOURCES—PERSPECTIVES
Using Source 4 and your own knowledge, respond to the following.

S.29 ‘Translate’ this ditty into one or two lines that would be understood by:

- an Australian student today
- an American in 1934.

S.30 Would the ditty have been readily understood by most Australians in the 1930s? Explain your response.



Unemployed relief workers building the Yarra Boulevard in Melbourne
During the Depression, unemployed men worked on construction or landscaping projects so that they would receive sustenance. Melbourne’s Yarra Boulevard was built by sustenance workers, and nicknamed ‘Susso Drive’.

Today, most economists agree that the best way out of an economic depression is to spend money, but this was not a widely recognised solution in the early 1930s. In 1931, economist John Maynard Keynes suggested that government spending was the solution, as saving money actually helped put men out of work. At first, this idea was met with incredulity, and few governments implemented policies that reflected Keynes’s suggestions.

Unemployment rates in eight countries

COUNTRY	PEAK YEAR	% UNEMPLOYED	FIVE-YEAR AVERAGE 1930–1934
Germany	1932	43.8	31.8
Australia	1932	28.1	23.4
Canada	1933	26.6	20.7
United States	1933	24.9	19.0
Sweden	1933	23.3	18.5
United Kingdom	1932	22.1	19.2
Poland	1935	16.7	12.3
Japan	1932	6.8	5.6

HISTORICAL SOURCES
Using Source 6 and your own knowledge, respond to the following.

S.31 Which of the countries listed in Source 6 suffered the worst unemployment between 1930 and 1934? Which suffered the least?

S.32 Explain how the table supports the statement that 1932–1933 was the low point of the Great Depression.

Source 6
C.B. Scedvin, *Australia and the Great Depression: A Study of Economic Development and Policy in the 1920s and 1930s* (Sydney: Sydney University Press, 1970), 46.

In most capitalist countries, unemployment began to fall from the mid-1930s, although it rarely fell to the level it had been in the early 1920s. In Australia, unemployment peaked at 30 per cent in 1932, then fell to about 9 per cent of the workforce in 1938. In 1940, one year after Australia entered World War II, the unemployment rate was still 8 per cent, approximately where it had been in 1927. Even the effects of World War II took time to lower the unemployment rate.

TIMELINE
S.33 Create a simple timeline for key events in the Great Depression, including its causes and effects. Your timeline should include one or two key events for each year from 1918 to 1939.

CHECK YOUR UNDERSTANDING
S.34 Why was there bitter difference of opinion about whether Australia should repay interest on its loans to Britain in the 1930s?
S.35 Drawing on evidence in this Snapshot, explain why socialist or fascist political parties appealed to some people during the 1930s.

HISTORICAL PERSPECTIVES
S.36 When interviewed about their experiences in the Great Depression, many older Australians describe the times as ‘good in some ways’. What positive experiences might people have taken from the Great Depression?

HISTORICAL INTERPRETATIONS
S.37 Historian Geoffrey Blainey refers to the stock market crash of October 1929 as ‘the fire-bell’ of the Great Depression. Explain what he means and why he chose that term to describe the events.