

Economic Conditions / Political Climate 1920 – 1950

Economic Conditions

The Twenties

The twenties were a time of prosperity as well as painful contradictions. During the decade, “ours was a nation split by very deep cleavages.”¹

- The expansion of the stock market brought greater prosperity than ever before to a broader range of society.
- People who were doing well closed their eyes to the reality of millions not earning enough to support their families. 5% of the population received about 1/3 of all personal income.
- Corporations opened up investment opportunities to a new market of investors, ignoring the fact that the economy, especially banking and international trade, was extremely fragile.
- Modern mass-production techniques were perfected. The automobile industry and the Ford Model T dominated the economy even while demoralizing assembly work was institutionalized. By 1929, there were 23.1 million passenger cars in use in the United States.

By 1926, the profits and productivity of every branch of the economy had reached record levels. Only three years later, on October 29, 1929 (Black Tuesday), the stock market collapsed, and the Great Depression began.

“It will take over a decade for the economy to recover and it will require major changes in the functions of the federal government and a changeover to a wartime economy to boot it back to health.”²

The Thirties

“Rarely in history has the passage of one 10 year period to the next so neatly defined two distinct moments in time, as it did when the panting, hysterical twenties gave over to the pathetic, hopeless years that followed immediately after them”.³

Industrial production fell by 50%. Warehouses were full of clothes no one could afford to buy; houses stayed empty as people were evicted; many were forced to move into “Hooverilles,” built on garbage dumps.⁴

The pain and suffering of the time was as tragic as any in modern history. Destitution was widespread throughout the country. Bank failures wiped out the savings of millions of people. National Guard halls were turned into dormitories for the homeless, including whole families. Bread lines in New York City were the catalyst for the song, “Brother Can You Spare a Dime?” from the show *Americana*, portraying the anger of the WWI veteran, now without work, unable to feed his family.⁵ There were food riots in rural areas, and migrants roamed the country.

¹ Brian Lamb, *Booknotes: Stories from American History* (New York: Penguin Books, 2002) 208.

² Carla Blank, *Rediscovering America: The Making of Multicultural America, 1900-2000* (New York: Three Rivers Press, 2003) 131.

³ Peter Jennings and Todd Brewster, *The Century* (New York: Doubleday, 1998) 149.

⁴ Howard Zinn, *The Twentieth Century* (New York: Perennial, 2003) 112.

⁵ Zinn 116.

Crime accelerated within cities, and lists were published of the most violent. Memphis, Tennessee was first, with nearly sixty murders for every 100,000 citizens. In Chicago, the equivalent figure was fourteen, in New York only seven.⁶

Hard times transformed basic social structures, creating havoc in family life. Marriage rates and childbearing declined, suicide rates rose, the homeless rate climbed.

Black Americans, Latinos, and Asian-Americans all suffered during the Depression. "...most blacks were ignored by the New Deal programs.....they didn't qualify for unemployment insurance, minimum wage, social security, or farm subsidies."⁷

"The thirties were a period of more radical ideas than almost any other in American history."⁸

1931: 7 million were unemployed.

1932: Unemployment reached its highest level: 11 million out of a total workforce of 58 million.⁹ The South and the Midwest were hit by an unprecedented drought that devastated family farms.

1934: 1 1/2 million workers in different industries went on strike.

1935: "Applying humanitarian philosophy to government, the welfare state represented the New Deal.... For the first time an American government assumed the country has an obligation to help people survive, when they became unable to help themselves."¹⁰

The New Deal was primarily aimed at stabilizing the economy and secondly, at giving enough help to the destitute to keep them from turning to real revolution.¹¹

1938: By the end of the year, more than a million of the unemployed had found work, but 23 million people were still receiving some form of public relief.¹²

Women's groups formed to clean up the slums, increase educational opportunities and overturn basic inequities of gender and discrimination in school admissions and the professions. Many acted out of the inequities, humiliations, deprivations and needs of their own lives.

America was shifting from the extended family of the frontier and the plains to the what would later be called the "nuclear" family of the big cities.

The forties

The beginning of the war economy in the late thirties and the massive new federal spending that created jobs in many industries brought the Great Depression to an end.

"Millions of unskilled Americans who manned the assembly lines in mass production industries surged into an emerging middle-class..."¹³

⁶ Martin Gilbert, A History of the Twentieth Century (New York: Perennial, 2002) 204.

⁷ Zinn 133.

⁸ Blank 133.

⁹ Gilbert 211.

¹⁰ David Halberstam, Defining a Nation: Our America and the Sources of its Strength. (Washington, D.C.: National Geographic Society, 2006).

¹¹ Howard Zinn, A People's History of the United States:1492-Present (New York: HarperCollins, 2003) 393.

¹² Gilbert 257.

¹³ Halberstam 194.

America recovered its economic power, industrial productivity and agricultural strength.

Radio became the image-making machine of the era; 60 million people sat by their radios to hear Roosevelt's "Fireside Chats"

1941: The Japanese attacked Pearl Harbor on January 6. Roosevelt called it "a date that will live in infamy." The government urged upon the nation a voluntary effort of extraordinary proportion.

1941: In his Address to Congress, Roosevelt pledged the United States to Four Freedoms; freedom of speech, freedom of religion, and freedom from want and fear.¹⁴

1945: Harry Truman succeeded Roosevelt as President after Roosevelt died in office

For the first and only time in the 20th century, the United States experienced a downward redistribution of income. The share of the nation's wealth taken by the top 5% of the population declined from 22% to 17%, with most of the difference going to the bottom 40% of the population. Not coincidentally, trade unions flourished during the war.... From 1941 to 1945, union membership increased from 10.5 to 14.8 million.¹⁵

"The new economy put people in theaters, restaurants, and shops... But at the same time, the social impact was devastating. In the three and one half years after Pearl Harbor, 12 million men left their homes to go to war and more than 15.3 million civilians moved, many of them in search of jobs at defense plants. Families that had only recently suffered a blow to parental authority in the failure of fathers to provide food and shelter during the dark days of the thirties, now had more money—but only at the price of separation and migration that forced many children to adapt to the prolonged absence of both their fathers and their working mothers."¹⁶

The GI Bill of rights was passed. "... the best piece of legislation ever passed by the U.S. Congress... transformed our country....Thousands and thousands of small businesses were started ... and are still there thanks to loans from the GI Bill."¹⁷

1945: World War II came to an end, but the war had opened so many wounds so deeply that the mere cessation of hostilities could not possibly bring an end to the pain and psychological collapse.

By war's end, the United States had become a superpower. It was the dawn of the atomic age

1947: 1.1 million housing loans were approved....War veterans and their wives settled down to the good life....in "Levittown's" – affordable communities in the suburbs. Abandoned by the middle class, the nation's largest urban centers would eventually fall into a precipitous decline.

1948: Truman stressed his desire to admit more than 200,000 displaced persons into the United States. "Twice within our generation," he said, "world wars have taught us that we cannot isolate ourselves from the rest of the world. Our first goal is to secure fully the human rights of our citizens."

Via the Marshall Plan (formerly the European Recovery Program), the United States provided direct aid in the form of fuel and food to reconstruct Europe. This assistance would be offered, Marshall said, "not against any country or doctrine, but against hunger, poverty, desperation and chaos".¹⁸

Progress in science gave us nuclear fission, "broad spectrum" antibiotics, the ability to break the sound barrier, assemble the first electronic computer and unveil the world's largest telescope.

¹⁴ William J. Bennett, *America: The Last Best Hope (Volume II)* (Nashville, TN: Thomas Nelson Inc, 2007).

¹⁵ Randall Bennett Woods, *Quest for Identity – America Since 1945* (Cambridge, New York: Cambridge University Press, 2005) 1.

¹⁶ Jennings 247.

¹⁷ Halberstam 117.

¹⁸ Jennings 299.

“With his left hand clapping his lapel, (Winston) Churchill intoned that an “iron curtain” had descended upon Europe.”¹⁹ The Cold War began.

Political Climate ²⁰

1928: Herbert Hoover was elected President of the United States.

1930: “There was a very significant reform current, some of which was liberal... There were a number of Democratic Socialists (and) a number of members of the Communist Party during this decade.”²¹ “The odor of revolution was in the air.”²²

1932: Franklin D. Roosevelt was elected President of the United States.

With 60 million poised by their radios, Roosevelt ...addressed the nation in the first of his “fireside chats” ...Roosevelt's radio voice became one of the most distinctive sounds of the age.²³

The special session of Congress that followed Roosevelt's inaugural produced more legislation than any other period in American history. This was the beginning of the New Deal, whereby the United States would recover not only its economic power, its industrial productivity and its agricultural strength, but its confidence, energy, and creativity.²⁴

New Deal Legislation ²⁵

Emergency Banking Act: Authorized the reopening of banks when found to be financially stable

Civilian Conservation Corp (CCC): Hired unemployed single young men to work in rural areas. They camped out, and received three square meals a day. They earned little, but they had health care and, importantly, a sense of achievement.

Federal Emergency Relief Act: Provided financial aid to States for the poor and unemployed

Tennessee Valley Authority Act: Promoted economic development, and led to generation of electric power in underserved rural areas

Rural electrification had massive social, economic, and political consequences. The cultural isolation of rural America ended when power lines made radio reception possible. Electrifying the countryside made possible a huge increase in agricultural output. Politically, rural electrification wired millions of farmers to the New Deal.²⁶

Agricultural Adjustment Act: Stabilized farm income.

National Industrial Recovery Act: Created the **Federal Emergency Relief Administration** to regulate industry and insure fair competition. It also abolished child labor and reduced working hours without reduction in wages.

Civil Works Administration: Provided work building schools, hospitals, bridges, and roads.

¹⁹ Jennings 295.

²⁰ Stanley I. Cutler, ed., Dictionary of American History, 3rd edition (New York: Charles Scribner's Sons, 2003).

²¹ Lamb 246.

²² Jennings 97.

²³ Halberstam 195.

²⁴ Halberstam. 217.

²⁵ Elizabeth Jewell, The President's Fact Book (New York: Random House, 2005) 265-278.

²⁶ Bennett 144

Civil Works Emergency Relief Act: Funded civil works employment programs.

Works Progress Administration (WPA): Put millions to work building roads, bridges, airports, and public buildings; created jobs for millions of visual artists, musicians, writers, actors, dancers, and photographers; funded education of art students; expanded art programs to rural areas and funded research into the cultural heritage of the United States.

National Youth Administration: Provided jobs for hundreds of thousands of youngsters.

Wagner Labor Act: Guaranteed workers the right to join unions.

Social Security Act: Established payroll tax to fund (for the first time in United States history) unemployment insurance, health insurance, non-contributory old age pensions, maternal and child welfare benefits, vocational rehabilitation and pensions for the blind.²⁷ The government did not begin withholding, or taking money directly from paychecks, until 1943.²⁸

Wagner-Steagall Act (US Housing Act): Administered low interest loans to communities for low cost public housing.

Fair Labor Standards Act: Established first national minimum wage and the 40 hour work week. Prohibited child labor in businesses employed in interstate commerce.²⁹

Fair Employment Practices Committee (FEPC): Encouraged African Americans to seek redress of their grievances in court. But, as was true of women and other groups, the black experience was a case of small progress in the midst of mass discrimination. Most national trade unions excluded blacks from membership.³⁰

Servicemen's Readjustment Act (G.I. Bill of Rights): Provided WWII veterans with education, and housing funds, unemployment pay, and assistance in finding jobs.

1945: Harry Truman succeeded to Presidency after FDR's death.

Fair Deal Legislation

Truman's "Fair Deal" included an increase in the minimum wage, an extension of Social Security benefits, repeal of Taft-Hartley, a federal health insurance plan, civil rights legislation, federal funds for the construction of low-cost housing, and a guaranteed income for farmers.

The Employment Act: Created the Council of Economic Advisers to study economic trends and recommend to the president policies that would prevent or combat recessions and depressions.³¹

Taft-Hartley Act: Outlawed the closed shop (in which union membership was required as a condition of employment) and certain "unfair labor practices."³² Passed over Truman's veto.

²⁷ Gilbert 235.

²⁸ Lamb 259.

²⁹ Blank 123.

³⁰ Woods 5.

³¹ Woods 15.

³² Woods 15.

Executive Order 9808: Established President’s Committee on Civil Rights. Composed of distinguished Americans of every color and region to look into the state of race relations and make recommendation.³³

Executive Order 9981: Established equality of treatment and opportunity in the Armed Services for people of all races, religions, or national origins.

Housing Act: Established “a decent home and suitable living environment for every American family” as a goal of the federal government and provided federal funding for low-cost housing projects.³⁴

Relevant Constitutional Amendments

1933: 20th Amendment changed Presidential inauguration to January 20 from March 4.

1933: 21st Amendment repealed Prohibition.

1951: 22nd Amendment limited the Presidency to two terms (FDR elected 4 times and died in office)

³³ Woods 18.

³⁴ Jewell 298.