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CHAPTER  
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**WAR,  
PROSPERITY,  
AND  
DEPRESSION**

Depression era soup line,  
1930s.

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## “The chief business of the American people is business.”

President Calvin Coolidge, 1925

### WAR AND NEUTRAL RIGHTS

To the American public of 1914, the outbreak of war in Europe — with Germany and Austria-Hungary fighting Britain, France, and Russia — came as a shock. At first the encounter seemed remote, but its economic and political effects were swift and deep. By 1915 U.S. industry, which had been mildly depressed, was prospering again with munitions orders from the Western Allies. Both sides used propaganda to arouse the public passions of Americans — a third of whom were either foreign-born or had one or two foreign-born parents. Moreover, Britain and Germany both acted against U.S. shipping on the high seas, bringing sharp protests from President Woodrow Wilson.

Britain, which controlled the seas, stopped and searched American

carriers, confiscating “contraband” bound for Germany. Germany employed its major naval weapon, the submarine, to sink shipping bound for Britain or France. President Wilson warned that the United States would not forsake its traditional right as a neutral to trade with belligerent nations. He also declared that the nation would hold Germany to “strict accountability” for the loss of American vessels or lives. On May 7, 1915, a German submarine sunk the British liner *Lusitania*, killing 1,198 people, 128 of them Americans. Wilson, reflecting American outrage, demanded an immediate halt to attacks on liners and merchant ships.

Anxious to avoid war with the United States, Germany agreed to give warning to commercial vessels — even if they flew the enemy flag — before firing on them. But

after two more attacks — the sinking of the British steamer *Arabic* in August 1915, and the torpedoing of the French liner *Sussex* in March 1916 — Wilson issued an ultimatum threatening to break diplomatic relations unless Germany abandoned submarine warfare. Germany agreed and refrained from further attacks through the end of the year.

Wilson won reelection in 1916, partly on the slogan: “He kept us out of war.” Feeling he had a mandate to act as a peacemaker, he delivered a speech to the Senate, January 22, 1917, urging the warring nations to accept a “peace without victory.”

### UNITED STATES ENTERS WORLD WAR I

On January 31, 1917, however, the German government resumed unrestricted submarine warfare. After five U.S. vessels were sunk, Wilson on April 2, 1917, asked for a declaration of war. Congress quickly approved. The government rapidly mobilized military resources, industry, labor, and agriculture. By October 1918, on the eve of Allied victory, a U.S. army of over 1,750,000 had been deployed in France.

In the summer of 1918, fresh American troops under the command of General John J. Pershing played a decisive role in stopping a last-ditch German offensive. That fall, Americans were key participants in the Meuse-Argonne offensive, which cracked Germany’s vaunted Hindenburg Line.

President Wilson contributed greatly to an early end to the war by defining American war aims that characterized the struggle as being waged not against the German people but against their autocratic government. His Fourteen Points, submitted to the Senate in January 1918, called for: abandonment of secret international agreements; freedom of the seas; free trade between nations; reductions in national armaments; an adjustment of colonial claims in the interests of the inhabitants affected; self-rule for subjugated European nationalities; and, most importantly, the establishment of an association of nations to afford “mutual guarantees of political independence and territorial integrity to great and small states alike.”

In October 1918, the German government, facing certain defeat, appealed to Wilson to negotiate on the basis of the Fourteen Points. After a month of secret negotiations that gave Germany no firm guarantees, an armistice (technically a truce, but actually a surrender) was concluded on November 11.

### THE LEAGUE OF NATIONS

It was Wilson’s hope that the final treaty, drafted by the victors, would be even-handed, but the passion and material sacrifice of more than four years of war caused the European Allies to make severe demands. Persuaded that his greatest hope for peace, a League of Nations, would never be realized unless he made

concessions, Wilson compromised somewhat on the issues of self-determination, open diplomacy, and other specifics. He successfully resisted French demands for the entire Rhineland, and somewhat moderated that country's insistence upon charging Germany the whole cost of the war. The final agreement (the Treaty of Versailles), however, provided for French occupation of the coal and iron rich Saar Basin, and a very heavy burden of reparations upon Germany.

In the end, there was little left of Wilson's proposals for a generous and lasting peace but the League of Nations itself, which he had made an integral part of the treaty. Displaying poor judgment, however, the president had failed to involve leading Republicans in the treaty negotiations. Returning with a partisan document, he then refused to make concessions necessary to satisfy Republican concerns about protecting American sovereignty.

With the treaty stalled in a Senate committee, Wilson began a national tour to appeal for support. On September 25, 1919, physically ravaged by the rigors of peacemaking and the pressures of the wartime presidency, he suffered a crippling stroke. Critically ill for weeks, he never fully recovered. In two separate votes — November 1919 and March 1920 — the Senate once again rejected the Versailles Treaty and with it the League of Nations.

The League of Nations would never be capable of maintaining

world order. Wilson's defeat showed that the American people were not yet ready to play a commanding role in world affairs. His utopian vision had briefly inspired the nation, but its collision with reality quickly led to widespread disillusion with world affairs. America reverted to its instinctive isolationism.

### POSTWAR UNREST

The transition from war to peace was tumultuous. A postwar economic boom coexisted with rapid increases in consumer prices. Labor unions that had refrained from striking during the war engaged in several major job actions. During the summer of 1919, several race riots occurred, reflecting apprehension over the emergence of a "New Negro" who had seen military service or gone north to work in war industry.

Reaction to these events merged with a widespread national fear of a new international revolutionary movement. In 1917, the Bolsheviks had seized power in Russia; after the war, they attempted revolutions in Germany and Hungary. By 1919, it seemed they had come to America. Excited by the Bolshevik example, large numbers of militants split from the Socialist Party to found what would become the Communist Party of the United States. In April 1919, the postal service intercepted nearly 40 bombs addressed to prominent citizens. Attorney General A. Mitchell Palmer's residence in Washington was bombed. Palmer,

in turn, authorized federal roundups of radicals and deported many who were not citizens. Strikes were often blamed on radicals and depicted as the opening shots of a revolution.

Palmer's dire warnings fueled a "Red Scare" that subsided by mid-1920. Even a murderous bombing in Wall Street in September failed to reawaken it. From 1919 on, however, a current of militant hostility toward revolutionary communism would simmer not far beneath the surface of American life.

### THE BOOMING 1920S

Wilson, distracted by the war, then laid low by his stroke, had mishandled almost every postwar issue. The booming economy began to collapse in mid-1920. The Republican candidates for president and vice president, Warren G. Harding and Calvin Coolidge, easily defeated their Democratic opponents, James M. Cox and Franklin D. Roosevelt.

Following ratification of the 19th Amendment to the Constitution, women voted in a presidential election for the first time.

The first two years of Harding's administration saw a continuance of the economic recession that had begun under Wilson. By 1923, however, prosperity was back. For the next six years the country enjoyed the strongest economy in its history, at least in urban areas. Governmental economic policy during the 1920s was eminently conservative. It was based upon the belief that if govern-

ment fostered private business, benefits would radiate out to most of the rest of the population.

Accordingly, the Republicans tried to create the most favorable conditions for U.S. industry. The Fordney-McCumber Tariff of 1922 and the Hawley-Smoot Tariff of 1930 brought American trade barriers to new heights, guaranteeing U.S. manufacturers in one field after another a monopoly of the domestic market, but blocking a healthy trade with Europe that would have reinvigorated the international economy. Occurring at the beginning of the Great Depression, Hawley-Smoot triggered retaliation from other manufacturing nations and contributed greatly to a collapsing cycle of world trade that intensified world economic misery.

The federal government also started a program of tax cuts, reflecting Treasury Secretary Andrew Mellon's belief that high taxes on individual incomes and corporations discouraged investment in new industrial enterprises. Congress, in laws passed between 1921 and 1929, responded favorably to his proposals.

"The chief business of the American people is business," declared Calvin Coolidge, the Vermont-born vice president who succeeded to the presidency in 1923 after Harding's death, and was elected in his own right in 1924. Coolidge hewed to the conservative economic policies of the Republican Party, but he was a much abler administrator than the hapless Harding, whose administra-

tion was mired in charges of corruption in the months before his death.

Throughout the 1920s, private business received substantial encouragement, including construction loans, profitable mail-carrying contracts, and other indirect subsidies. The Transportation Act of 1920, for example, had already restored to private management the nation's railways, which had been under government control during the war. The Merchant Marine, which had been owned and largely operated by the government, was sold to private operators.

Republican policies in agriculture, however, faced mounting criticism, for farmers shared least in the prosperity of the 1920s. The period since 1900 had been one of rising farm prices. The unprecedented wartime demand for U.S. farm products had provided a strong stimulus to expansion. But by the close of 1920, with the abrupt end of wartime demand, the commercial agriculture of staple crops such as wheat and corn fell into sharp decline. Many factors accounted for the depression in American agriculture, but foremost was the loss of foreign markets. This was partly in reaction to American tariff policy, but also because excess farm production was a worldwide phenomenon. When the Great Depression struck in the 1930s, it devastated an already fragile farm economy.

The distress of agriculture aside, the Twenties brought the best life ever to most Americans. It was the

decade in which the ordinary family purchased its first automobile, obtained refrigerators and vacuum cleaners, listened to the radio for entertainment, and went regularly to motion pictures. Prosperity was real and broadly distributed. The Republicans profited politically, as a result, by claiming credit for it.

### TENSIONS OVER IMMIGRATION

**D**uring the 1920s, the United States sharply restricted foreign immigration for the first time in its history. Large inflows of foreigners long had created a certain amount of social tension, but most had been of Northern European stock and, if not quickly assimilated, at least possessed a certain commonality with most Americans. By the end of the 19th century, however, the flow was predominantly from southern and Eastern Europe. According to the census of 1900, the population of the United States was just over 76 million. Over the next 15 years, more than 15 million immigrants entered the country.

Around two-thirds of the inflow consisted of “newer” nationalities and ethnic groups — Russian Jews, Poles, Slavic peoples, Greeks, southern Italians. They were non-Protestant, non-“Nordic,” and, many Americans feared, nonassimilable. They did hard, often dangerous, low-pay work — but were accused of driving down the wages of native-born Americans. Settling in squalid

urban ethnic enclaves, the new immigrants were seen as maintaining Old World customs, getting along with very little English, and supporting unsavory political machines that catered to their needs. Nativists wanted to send them back to Europe; social workers wanted to Americanize them. Both agreed that they were a threat to American identity.

Halted by World War I, mass immigration resumed in 1919, but quickly ran into determined opposition from groups as varied as the American Federation of Labor and the reorganized Ku Klux Klan. Millions of old-stock Americans who belonged to neither organization accepted commonly held assumptions about the inferiority of non-Nordics and backed restrictions. Of course, there were also practical arguments in favor of a maturing nation putting some limits on new arrivals.

In 1921, Congress passed a sharply restrictive emergency immigration act. It was supplanted in 1924 by the Johnson-Reed National Origins Act, which established an immigration quota for each nationality. Those quotas were pointedly based on the census of 1890, a year in which the newer immigration had not yet left its mark. Bitterly resented by southern and Eastern European ethnic groups, the new law reduced immigration to a trickle. After 1929, the economic impact of the Great Depression would reduce the trickle to a reverse flow — until refugees from European fascism began to press for admission to the country.

### CLASH OF CULTURES

**S**ome Americans expressed their discontent with the character of modern life in the 1920s by focusing on family and religion, as an increasingly urban, secular society came into conflict with older rural traditions. Fundamentalist preachers such as Billy Sunday provided an outlet for many who yearned for a return to a simpler past.

Perhaps the most dramatic demonstration of this yearning was the religious fundamentalist crusade that pitted Biblical texts against the Darwinian theory of biological evolution. In the 1920s, bills to prohibit the teaching of evolution began appearing in Midwestern and Southern state legislatures. Leading this crusade was the aging William Jennings Bryan, long a spokesman for the values of the countryside as well as a progressive politician. Bryan skillfully reconciled his anti-evolutionary activism with his earlier economic radicalism, declaring that evolution “by denying the need or possibility of spiritual regeneration, discourages all reforms.”

The issue came to a head in 1925, when a young high school teacher, John Scopes, was prosecuted for violating a Tennessee law that forbade the teaching of evolution in the public schools. The case became a national spectacle, drawing intense news coverage. The American Civil Liberties Union retained the renowned attorney Clarence Darrow to defend Scopes. Bryan wrangled an appoint-

ment as special prosecutor, then foolishly allowed Darrow to call him as a hostile witness. Bryan's confused defense of Biblical passages as literal rather than metaphorical truth drew widespread criticism. Scopes, nearly forgotten in the fuss, was convicted, but his fine was reversed on a technicality. Bryan died shortly after the trial ended. The state wisely declined to retry Scopes. Urban sophisticates ridiculed fundamentalism, but it continued to be a powerful force in rural, small-town America.

Another example of a powerful clash of cultures — one with far greater national consequences — was Prohibition. In 1919, after almost a century of agitation, the 18th Amendment to the Constitution was enacted, prohibiting the manufacture, sale, or transportation of alcoholic beverages. Intended to eliminate the saloon and the drunkard from American society, Prohibition created thousands of illegal drinking places called “speakeasies,” made intoxication fashionable, and created a new form of criminal activity — the transportation of illegal liquor, or “bootlegging.” Widely observed in rural America, openly evaded in urban America, Prohibition was an emotional issue in the prosperous Twenties. When the Depression hit, it seemed increasingly irrelevant. The 18th Amendment would be repealed in 1933.

Fundamentalism and Prohibition were aspects of a larger reaction to a modernist social and intellectual revolution most visible in changing

manners and morals that caused the decade to be called the Jazz Age, the Roaring Twenties, or the era of “flaming youth.” World War I had overturned the Victorian social and moral order. Mass prosperity enabled an open and hedonistic life style for the young middle classes.

The leading intellectuals were supportive. H.L. Mencken, the decade's most important social critic, was unsparing in denouncing sham and venality in American life. He usually found these qualities in rural areas and among businessmen. His counterparts of the progressive movement had believed in “the people” and sought to extend democracy. Mencken, an elitist and admirer of Nietzsche, bluntly called democratic man a boob and characterized the American middle class as the “booboisie.”

Novelist F. Scott Fitzgerald captured the energy, turmoil, and disillusion of the decade in such works as *The Beautiful and the Damned* (1922) and *The Great Gatsby* (1925). Sinclair Lewis, the first American to win a Nobel Prize for literature, satirized mainstream America in *Main Street* (1920) and *Babbitt* (1922). Ernest Hemingway vividly portrayed the malaise wrought by the war in *The Sun Also Rises* (1926) and *A Farewell to Arms* (1929). Fitzgerald, Hemingway, and many other writers dramatized their alienation from America by spending much of the decade in Paris.

African-American culture flourished. Between 1910 and 1930, huge

numbers of African Americans moved from the South to the North in search of jobs and personal freedom. Most settled in urban areas, especially New York City's Harlem, Detroit, and Chicago. In 1910 W.E.B. Du Bois and other intellectuals had founded the National Association for the Advancement of Colored People (NAACP), which helped African Americans gain a national voice that would grow in importance with the passing years.

An African-American literary and artistic movement, called the “Harlem Renaissance,” emerged. Like the “Lost Generation,” its writers, such as the poets Langston Hughes and Countee Cullen, rejected middle-class values and conventional literary forms, even as they addressed the realities of African-American experience. African-American musicians — Duke Ellington, King Oliver, Louis Armstrong — first made jazz a staple of American culture in the 1920's.

## THE GREAT DEPRESSION

In October 1929 the booming stock market crashed, wiping out many investors. The collapse did not in itself cause the Great Depression, although it reflected excessively easy credit policies that had allowed the market to get out of hand. It also aggravated fragile economies in Europe that had relied heavily on American loans. Over the next three years, an

initial American recession became part of a worldwide depression. Business houses closed their doors, factories shut down, banks failed with the loss of depositors' savings. Farm income fell some 50 percent. By November 1932, approximately one of every five American workers was unemployed.

The presidential campaign of 1932 was chiefly a debate over the causes and possible remedies of the Great Depression. President Herbert Hoover, unlucky in entering the White House only eight months before the stock market crash, had tried harder than any other president before him to deal with economic hard times. He had attempted to organize business, had sped up public works schedules, established the Reconstruction Finance Corporation to support businesses and financial institutions, and had secured from a reluctant Congress an agency to underwrite home mortgages. Nonetheless, his efforts had little impact, and he was a picture of defeat.

His Democratic opponent, Franklin D. Roosevelt, already popular as the governor of New York during the developing crisis, radiated infectious optimism. Prepared to use the federal government's authority for even bolder experimental remedies, he scored a smashing victory — receiving 22,800,000 popular votes to Hoover's 15,700,000. The United States was about to enter a new era of economic and political change. <