

Government Transformation: The 1920s and 1930s

The 1920s were a time of excitement and change. Between 1922 and 1929, migration to the cities accelerated, with nearly two million people leaving farms and towns each year. This phenomenon is known as **urbanization**.

The Roaring Twenties



The economy was also changing in America. People no longer lived on farms and grew their own food. They lived in cities and worked in factories and high-rise buildings. Life was fast-paced instead of leisurely.

Speculators made fortunes in the **stock market**. The stock market is a place where shares

of businesses are bought and sold. In the 1920s many businessmen engaged in speculation—that is, they made risky business transactions on the chance of a quick profit. Many investors began buying on margin—paying a small percentage of a stock’s price as a downpayment and borrowing the rest. This worked well when stock prices were going up. Speculators could sell their stocks and pay off the debt they had borrowed. However, if stocks declined, there was no way to pay off the loan.

The 18th Amendment

Social values were also changing in the 1920s. Small-town attitudes often clashed with city lifestyles. For example, in January 1920, the 18th Amendment went into effect. This amendment prohibited the manufacture, sale, or transportation of alcoholic beverages. This became known as **Prohibition**. Some people known as *reformers* considered alcohol a cause of corruption in big cities. They believed that the prohibition of alcohol would get America’s morals back on track.



The effort to stop Americans from drinking was doomed from the beginning. Look at the difficulty the United States faces today with illegal drug use; reformers of the 1920s faced similar problems. There was a lack of government funding to enforce the Prohibition laws. It was impossible to patrol the entire United States and track down illegal alcohol manufacturers.

During Prohibition, drinkers got around the 18th Amendment by going to hidden saloons and nightclubs called **speakeasies**. People also bought alcohol from people called **bootleggers**. Bootleggers often carried alcohol in the legs of boots and smuggled liquor from Canada, Cuba, and the West Indies.

Despite all of these problems, the 18th Amendment remained in effect until 1933, when it was repealed by the 21st Amendment.

The Decade of the Woman



During the Twenties, a new ideal woman emerged. American women won the right to vote with the passage of the 19th Amendment to the Constitution. With this new freedom and equality, the image of a woman's place in society began to change. One such image was represented by the **flapper**, a freethinking young woman who embraced the new fashions and attitudes of the day. Dark, ankle-length dresses disappeared, and bright, waistless dresses an inch above the knee appeared. Many women were pulled back and forth between old and new standards.

The Harlem Renaissance

During the 1920s, some African Americans began to move north from the farms to cities like New York. Some left the South because of economic inequality. In general, Northern cities didn't welcome the massive movement of African Americans to the cities. Unfortunately, many African Americans were greeted with race riots. In response, the National Association for the Advancement of Colored People (NAACP) urged

African Americans to protest racial violence with marches and organized protests. The NAACP represented the new, more organized voice of African Americans seeking a better place in American society.

Many African Americans who migrated north moved to Harlem, a neighborhood in New York City. There, a flowering of African-American creativity known as the **Harlem Renaissance**.



Langston Hughes was the movement's best-known poet, and Zora Neale Hurston was one of the most accomplished writers of the era. Louis Armstrong, Duke Ellington, and Bessie Smith all rocketed to fame in the 1920s jazz era.

The Stock Market Crash and the Great Depression

As the Roaring Twenties came to a close, the downturn of the economy signaled an end of an era. In 1929 the stock market crashed, marking the beginning of the **Great Depression**. This economic collapse brought enormous suffering to Americans from all walks of life.

On October 29, 1929—known as **Black Tuesday**—the bottom fell out of the stock market. Therefore, the **Dow Jones Industrial Average**, the measure based on the stock prices of 30 representative companies trading on the New York Stock Exchange, fell dramatically and continued to fall until 1932. People and corporations tried frantically to sell their stocks before prices plunged even lower. However, millions of Americans went bankrupt as a result of the Stock Market Crash. The crash alone did not cause the Great Depression, but it did make the Depression more severe. The main causes of the Depression are listed below.

The Main Causes of the Depression

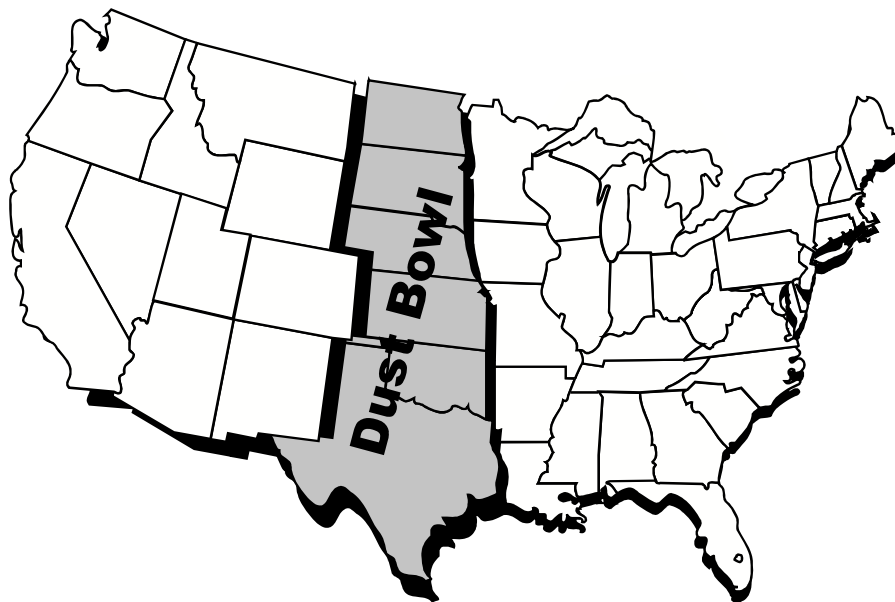
- old and decaying equipment in factories
- a crisis in the farm sector—farmers produced more than they were able to sell
- availability of easy **credit**—many people went into debt buying goods on the **installment plan**
- uneven distribution of income—too little money in the hands of the working people

All of these factors led to the Great Depression, the period from 1929 to 1941, when the economy declined severely and millions of people were out of work. People no longer could afford to buy consumer goods even though factories continued to produce such items as automobiles and clothing.

In cities across the country, people who lost their jobs could no longer pay their rent or mortgages. Before long, large *shantytowns*—little towns consisting largely of shacks—sprang up on the outskirts of cities. Life for people in the farm areas during the Depression was hard, but they were able to feed their families by growing their own food. In the cities, charitable organizations offered free soup and bread to the needy. Homeless people waited in long soup lines to receive food.

The Dust Bowl

In the early 1930s, a drought wreaked havoc on the Great Plains, causing the area to be called the **Dust Bowl**. The farmers of the Great Plains had exhausted the land through overproduction of crops and made the grasslands unsuitable for farming. When the drought and winds began in the 1930s, little grass was left to hold the soil down. Dust traveled hundreds of miles. Farmers had to leave their precious land and livelihoods. Many displaced farmers traveled to California. The map below of the United States shows the area hit hardest by the drought.



The New Deal

In 1932 Americans rejected President Herbert Hoover in favor of the Democrat **Franklin D. Roosevelt**. Many Americans blamed Republicans and Hoover for the Great Depression. Many Americans were hopeful the



President Hoover *President Roosevelt*

new president would find a solution to America's economic problems. Roosevelt campaigned to provide financial relief such as work projects and direct relief. This program designed to solve the problems of the Great Depression became known as the **New Deal**, a phrase from a campaign speech in which Roosevelt had promised "a new deal for the American people."

On taking office, Roosevelt launched into a period of intense legislation to get the nation back on track. Congress passed more than 15 major pieces of New Deal legislation. These laws and others that followed significantly expanded the federal government's role in the nation's economy. Prior to the Great Depression, the government had a hands off approach to the economy. This was based on the "survival of the fittest" philosophy which means only the strong will survive. This meant the government did not believe in stepping in and helping the nation's poor. Each person had the same opportunity for success. The presidency of Franklin D. Roosevelt (FDR) forever changed the role of government in the economy. For the first time, the government took steps to even the playing field and provide economic equality. Some critics think Roosevelt went too far. They believe the New Deal interfered with the workings of the free market economy.

One of the most important achievements of the New Deal was the creation of the Social Security system. The **Social Security Act** created old age insurance for retirees 65 or older and their spouses, provided money to the unemployed, and gave aid to families with dependent children and the disabled.

Despite the criticisms, the New Deal brought relief to both rural and urban workers. It helped women with dependent children, people who were elderly or disabled, and it brought help to African Americans, Latinos, and Native Americans.

Legacy of the New Deal

Most conservatives think President Roosevelt's policies made the federal government too large and powerful by involving government agencies in the nation's finances, agriculture, industries, and housing. They believe the government stifled free enterprise and individual initiative. Liberal critics argue Roosevelt's plan did not go far enough to solve economic inequalities. The nation still had only a few very rich people and an enormous number of poor people. Supporters of the New Deal believe Roosevelt helped the country recover from the Great Depression in the ways listed below.

Banking and Finance: Securities and Exchange Commission (SEC) monitors the stock market. Federal Deposit Insurance Corporation (FDIC) to reassure individual depositors their savings are protected against loss in the event of a bank failure.

The Farmers: Quotas on crop production to prevent surpluses. Price supports to ensure farmers get a fair price in the market.

The Labor Front: Protection of workers rights (banning child labor and setting standards for wages and hours).

Expanding the Government's Role in the Economy: Giving the president a more active role in shaping the economy.

The Environment: Conservation projects designed to protect the nation's natural resources.

The New Deal legacy has many aspects. It has brought hope and gratitude from people who are poor or elderly, and it has brought anger and criticism from those who believe it has taken more of their money in taxes and curtails their freedom through increased government regulation.