CHAPTER

22

Cultural Conflict, Bubble, and Bust

1919–1932

CHAPTER OUTLINE

The following annotated chapter outline will help you review the major topics covered in this chapter.

I. Conflicted Legacies of World War I

A. Racial Strife

1. Many African Americans emerged from the war determined to stand up for their rights and contributed to a spirit of resistance to oppression that characterized the early 1920s.
2. Blacks who had migrated to the North and blacks who had served in the war had high expectations that exacerbated white racism; lynching nearly doubled in the South, and race riots broke out in the North.
3. A variety of tensions were present in northern cities where violence erupted: black voters determined the winners of close elections, and blacks competed with whites and immigrants for jobs and housing.
4. The race riot in Tulsa, Oklahoma, in June 1921, that destroyed thirty-five blocks of the prosperous Greenwood district, locally referred to as "the black Wall Street," evidenced that white mobs resented growing black prosperity.

B. Erosion of Labor Rights

1. The war effort, overseen by a Democratic administration sympathetic to labor, had temporarily increased the size and power of labor unions.
2. The National War Labor Board (NWLB) had established an eight-hour day for war workers and supported workers' right to organize.
3. Membership in the American Federation of Labor (AFL) grew by a third during World War I and reached over 3 million by the war's end.
4. Workers' expectations rose as the war economy brought higher pay and better working conditions.
5. But after the war, employers resumed attacks on union activity by creating more non-unionized jobs, and rapidly rising inflation threatened to wipe out wage increases.
6. As a result of workers' determination and employers' resistance, one in every five workers went on strike in 1919; strikes were held by steelworkers, shipyard

workers in Seattle, and policemen in Boston.

7. Governor Calvin Coolidge of Massachusetts fired the entire Boston police force, and that strike failed; Coolidge was rewarded with the Republican vice presidential nomination in 1920.
8. Antilabor decisions by the Supreme Court were an important factor in labor's decline. In *Coronado Coal Company v. United Mine Workers* (1925), the Court ruled that a striking union could be penalized for illegal restraint of trade.
9. The Court also struck down federal child labor regulations; in *Adkins v. Children's Hospital* (1923), it voided a minimum wage for women workers in the District of Columbia, reversing many of the gains that had been achieved before World War I through the groundbreaking decision in *Muller v. Oregon*.
10. Such decisions and aggressive antiunion campaigns caused membership in labor unions to fall from 5.1 million in 1920 to 3.6 million in 1929—only 10 percent of the nonagricultural workforce.
11. The 1920s marked the heyday of welfare capitalism, a system of labor relations that stressed management's responsibility for employees' well-being. Employers hoped this would build a loyal workforce and head off strikes and labor unrest. At a time when government unemployment compensation and Social Security did not exist, General Electric, U.S. Steel, and other large corporations offered workers health insurance, old-age pensions, and profit-sharing programs. But such plans covered only about 5 percent of the industrial workforce.

C. The Red Scare

1. American fears of socialism and communism deepened after World War I as the labor unrest coincided with the founding of the Bolsheviks' Third International (or Comintern) to export communist doctrine and revolution to the rest of the world.
2. Ironically, as public concern about domestic Bolshevism increased, the U.S. Communist Party and the Communist Labor Party were rapidly losing members and political power.
3. Tensions mounted with a series of bombings in the early spring of 1919; in November, Attorney General A. Mitchell Palmer staged the first of what were known as Palmer raids, in which federal agents stormed the headquarters of radical organizations.
4. Lacking the protection of U.S. citizenship, thousands of aliens who had committed no crime but were suspect because of their anarchist or revolutionary beliefs or their immigrant backgrounds faced deportation without formal trial or indictment.
5. Palmer predicted that a conspiracy attempt to overthrow the government would occur on May Day in 1920; when the incident never occurred, the hysteria of the Red Scare began to abate.
6. At the height of the Red Scare, Nicola Sacco and Bartolomeo Vanzetti—alien draft evaders—were arrested for robbery and murder, were denied a new trial even though evidence surfaced that suggested their innocence, and were executed in 1927. This case was one of the ugly scars left by the ethnic and political hostilities of the Great War.

II. Politics in the 1920s

A. Women in Politics

1. At the start of the 1920s, many progressive women hoped that the achievement of full voting rights would offer women new leverage to tackle industrial poverty. The newly organized Women's Joint Congressional Committee, a Washington-based advocacy group achieved passage of the first federally funded health-care legislation, the Sheppard-Towner Federal Maternity and Infancy Act (1921).
2. Sheppard-Towner provided federal funds for medical clinics, prenatal education programs, and visiting nurses. Despite fears of socialized medicine, Sheppard-

Towner improved health care for the poor and significantly lowered infant mortality rates. It also marked the first time that Congress designated federal funds to the states and encouraged them to administer a social welfare program.

3. In 1923, Alice Paul persuaded Congress to discuss an Equal Rights Amendment (ERA) to the Constitution, stating that "men and women shall have equal rights throughout the United States." Debate divided women's rights advocates and the nation. After repeated introduction in Congress over the next five decades, the ERA finally failed after the bitter ratification struggle in the 1970s.
4. Moved by the immense suffering caused by World War I, some women joined a growing international peace movement. Treaty makers ignored them, but the activists organized for sustained opposition to war. In 1919, they created the Women's International League for Peace and Freedom (WILPF), whose leading members included Jane Addams. Through the 1920s and beyond, the league denounced imperialism, proposed social justice measures, and stressed the suffering caused by militarism.
5. Despite such work, women's activism suffered major setbacks in the 1920s. The WILPF came under fierce attack during the Red Scare, based on the presence of socialist women among its ranks.
6. Many congressmen initially supported the Sheppard-Towner Act because they feared the voting power of women, but by the late 1920s, Congress ended the program.
7. Though women proved to be effective lobbyists, they had difficulty gaining access to posts in the Republican and Democratic parties. Finding that women did not vote as a bloc, politicians in both parties began to take their votes for granted.

B. Republicans and Business

1. With President Wilson ailing in 1920, Democrats nominated Governor James M. Cox of Ohio for president, on a platform calling for U.S. participation in the League of Nations and continuation of Wilson's progressivism.
2. Republicans, led by their probusiness wing, chose Ohio senator Warren G. Harding, who promised "not nostrums but normalcy." On election day, he won in a landslide, beginning an era of Republican dominance that lasted until 1932.
3. Harding's secretary of commerce, Herbert Hoover, utilized the Commerce Department to create 2,000 trade associations representing companies in almost every major industry. Government officials worked closely with the associations, providing statistical research, suggesting industry-wide standards, and promoting stable prices and wages.
4. Hoover hoped that through voluntary business cooperation with government—an associated state—he could achieve what progressive reformers had sought through governmental regulation.
5. When President Harding died suddenly of a heart attack in August 1923, evidence was just coming to light that parts of his administration were riddled with corruption. The worst scandal concerned the secret leasing of government oil reserves in Teapot Dome, Wyoming, and Elk Hills, California, to private companies.
6. Assuming office after Harding's death, President Calvin Coolidge maintained Republican dominance while offering a contrast to his predecessor's cronyism.
7. Campaigning in 1924, Coolidge called for limited government and tax cuts for business.
8. Rural and urban Democrats were deeply divided over such issues as prohibition and immigration restriction; delegates at their national convention cast 102 ballots before finally choosing John W. Davis, a Wall Street lawyer.
9. Coolidge easily defeated Davis and staved off a challenge by Senator Robert M. La Follette of Wisconsin, who tried to resuscitate the Progressive Party. In the

end, Coolidge received 15.7 million votes to Davis's 8.4 million and La Follette's 4.9 million.

10. For the most part, Republicans declined to carry forward progressive initiatives from the prewar years. The Republican-dominated Federal Trade Commission (FTC) failed to enforce antitrust laws.
11. With the agricultural sector facing hardship, Congress sought to aid farmers with the McNary-Haugen bills of 1927 and 1928, which proposed a system of federal price supports for major crops. But President Coolidge opposed the bills as "special-interest legislation" and vetoed them both.

C. Dollar Diplomacy

1. Political campaigns emphasized domestic issues in the 1920s, but the United States nonetheless remained deeply engaged in foreign affairs. The Harding, Coolidge, and Hoover administrations all sought to advance U.S. business interests, especially by encouraging private banks to make foreign loans. They hoped such loans would stimulate growth and increase demand for U.S. products in developing markets.
2. In 1922, when American banks offered an immense loan to Bolivia, at a hefty profit, the State Department pressured Bolivia to accept it. It also forced Bolivia to agree to financial oversight by a commission under the banks' control. A similar arrangement was reached with El Salvador's government in 1923, though efforts to broker such deals in Honduras and Guatemala fell through.
3. Where stronger action was needed, the United States intervened militarily, often to force repayment of debt. The U.S. Marines occupied Nicaragua almost continuously from 1912 to 1933, the Dominican Republic from 1916 to 1924, and Haiti from 1915 to 1934.
4. In these lengthy military deployments, Americans came to think of these occupied countries as essentially U.S. possessions, much like Puerto Rico and the Philippines.
5. At home, critics denounced both loan guarantees and military interventions as dollar diplomacy. African American leaders also denounced the Haitian occupation. On behalf of the Women's International League for Peace and Freedom and the International Council of Women of the Darker Races, a delegation conducted a fact-finding tour of Haiti in 1926. Their report exposed, among other things, the sexual exploitation of Haitian women by U.S. soldiers.
6. By the late 1920s, dollar diplomacy was on the defensive, in keeping with a broader disgust with international affairs.
7. At the same time, political leaders became frustrated with their poor results. Although loans were usually repaid, securing bankers' profits, the money often ended up in the pockets of local elites; U.S. policy had failed to build broad-based prosperity overseas.
8. Military intervention could have even more dire results. In Haiti, the marines crushed peasant protests and helped the Haitian elite consolidate its power. U.S. occupation thus helped create the conditions for harsh future dictatorships that Haitians endured through the rest of the twentieth century.

D. Culture Wars

1. Prohibition
   a. By 1929, ninety-three U.S. cities had populations over 100,000. New York City exceeded 7 million, and the population of Los Angeles had exploded to 1.2 million.
   b. The lives and beliefs of urban Americans—including millions of recent immigrants—often differed dramatically from those in small towns and farming areas.
   c. Native-born rural Protestants, faced with a dire perceived threat, mobilized in the 1920s to protect what they saw as "American values." This anti-foreign sentiment is termed nativism.

d. Rural and native-born Protestants started the decade by achieving a longtime goal: prohibition of liquor. The nation's decades-long prohibition campaign culminated with Congress's passage of the Eighteenth Amendment in 1917. Ratified by nearly every state and effective in January 1920, the amendment prohibited "manufacture, sale, or transportation of intoxicating liquors" anywhere in the United States.
e. Although defenders hailed prohibition as a victory for health, morals, and Christian values, thousands circumvented it in urban "speakeasies" and other illegal drinking sites.
f. Thousands of Americans also streamed across the border to Mexico contributing to the rise of Tijuana and Mexicali as booming vice towns. The law remained in force until its repeal in 1933.

2. Evolution in the Schools
   a. At the state and local levels, controversy erupted as fundamentalist Protestants sought to mandate school curricula based on biblical creation.
   b. In 1925, Tennessee's legislature outlawed the teaching of "any theory that denies the story of the Divine creation of man as taught in the Bible, [and teaches] instead that man has descended from a lower order of animals." The American Civil Liberties Union (ACLU), which had been formed during the Red Scare to protect free speech rights, challenged the law's constitutionality. It intervened in the trial of John T. Scopes, a high school biology teacher who taught evolution to his class and faced a jail sentence for doing so.
   c. The case attracted national attention because Clarence Darrow, a famous criminal lawyer, defended Scopes, while William Jennings Bryan, the three-time Democratic presidential candidate, spoke for the prosecution.
   d. The press dubbed the Scopes case "the monkey trial." The label referred both to Darwin's argument that human beings and other primates share a common ancestor and to the circus atmosphere at the trial, which was broadcast live over a Chicago radio station. Scopes was convicted and the law remained on the books for more than thirty years.
3. Nativism
   a. Some native-born Protestants blamed immigration for what they perceived as America's moral decline. Such attitudes fueled a momentous shift in immigration policy.
   b. The National Origins Act (1924) for the first time limited European migration to the United States. The act limited annual immigration from any country to 2 percent of that nationality's percentage of the U.S. population as it had stood in 1890. Since only small numbers of Italians, Greeks, Poles, Russians, and other Southern and Eastern European immigrants had arrived before 1890, the law drastically limited immigration from those places.
   c. In 1929, Congress imposed even stricter quotas, setting a cap of 150,000 immigrants per year from Europe and continuing to ban most immigrants from Asia.
   d. These laws, however, did not restrict immigration from Latin America resulting in the arrival of over 1 million Mexicans who applied for the jobs immigrants used to take. Despite calls for limitations, immigration from Mexico would not be cut off until the Great Depression.
   e. States passed anti-immigrant measures as well. California, for example, denied "aliens ineligible for citizenship" the right to own real estate and limited the teaching of Japanese language, history, or culture in schools. This affected Japanese Americans, in particular,

placing them in a vulnerable situation by the end of the 1930s.

4. The National Klan
   a. Shortly after the premier of *Birth of a Nation* (1915), a popular film glorifying the Reconstruction-era Ku Klux Klan, a group of southerners revived the group. With its blunt motto, "Native, white, Protestant supremacy," the Klan did not limit harassment to blacks but targeted immigrants, Catholics, and Jews as well, with physical intimidation, arson, and economic boycotts.
   b. Membership in the Klan rose to three million, including many women, and the group wielded serious political clout. Although passage of immigration restrictions contributed to a decline nationally, the Klan remained strong in the South and cooperated with members of the Anti-Saloon League to enforce prohibition laws through threats and violent attacks.
   c. The rise of the Klan represented a national trend in growing anti-Semitism as evidenced in the lynching of Leo Frank, a Jewish factory supervisor wrongly accused of rape and murder; the rise of white supremacist groups such as the Silver Legion in Los Angeles, a fringe paramilitary group aligned with Hitler's Nazis; and warnings by prominent individuals such as Henry Ford that "the proud Gentile race" must arm itself against a Jewish conspiracy aimed at world domination.
5. The Election of 1928
   a. Such conflicts created the climate for a stormy presidential election in 1928. Democrats, traditionally drawing strength from white voters in the South and immigrants in the North, divided over prohibition, immigration restriction, and the Klan.
   b. By 1928, the northern urban wing gained firm control. Democrats nominated Governor Al Smith of New York, the first presidential candidate to represent the urban working class. The

grandson of Irish peasants, Smith had risen through New York City's Democratic machine and become a dynamic reformer.

c. But Smith offended many small-town and rural Americans. He spoke in a heavy New York accent and sported a brown derby that highlighted his ethnic working-class origins. Middle-class reformers questioned his ties to Tammany Hall; temperance advocates opposed him as a "wet." The governor's greatest handicap was his religion. Although Smith insisted that his Catholic beliefs would not affect his duties as president, many Protestant leaders opposed him.

d. Smith proved no match for the Republican nominee, Secretary of Commerce Herbert Hoover. Enjoying the benefit of eight years of Republican prosperity, Hoover promised voters that individualism and cooperative endeavors would banish poverty.

e. He won a major victory, receiving 58 percent of the popular vote to Smith's 41 percent and an overwhelming 444 electoral votes to Smith's 87.

III. Intellectual Modernism

A. Harlem in Vogue

1. Black Writers and Artists

a. As New York's black population tripled in the decade after 1910, during the Great Migration, Harlem stood as a symbol of hope to African American people. Talented black artists and writers flocked to the district, where they broke with older genteel traditions and asserted ties to Africa.

b. Writers and artists of the Harlem Renaissance championed race pride. Claude McKay and Jean Toomer explored the black experience and represented in fiction what philosopher Alain Locke called the "New Negro."

c. This creative work embodied the ongoing struggle to find a way, as the influential black intellectual W. E. B. Du Bois explained, "to be both a Negro and an American."

d. Zora Neale Hurston embodied the energy and optimism of the Harlem Renaissance. She traveled through the South and the Caribbean, documenting folklore, songs, and religious beliefs. She incorporated this material into her short stories and novels, celebrating the humor and spiritual strength of ordinary black men and women.

2. Jazz

a. To millions of Americans, the most visible part of the Harlem revolution was jazz. As a musical form, jazz coalesced in New Orleans and other parts of the South before World War I. Borrowing from blues, ragtime, and other popular forms, jazz musicians developed an ensemble style in which individual performers, keeping a rapid ragtime beat, improvised over and around a basic melodic line.

b. The majority of early jazz musicians were black, but white performers, some of whom had more formal training, injected elements of European concert music.

c. As jazz spread nationwide during the 1920s, musicians developed the improvised solo. The key figure of this development was trumpeter Louis Armstrong.

d. As jazz spread, it generally followed the routes of the Great Migration of blacks from the South to northern and western cities, where dance halls were plentiful and consumers were eager to receive it.

e. By the 1920s, radio also helped popularize jazz, as the emerging record industry churned out records of the latest tunes. New York became the hub of this commercially lucrative jazz as white listeners—who hailed "primitive" black music and seldom suspended their racial condescension when they went "slumming" to mixed-race clubs—flocked to theaters,

ballrooms, and expensive clubs to hear the "Harlem sound" from the orchestras of Duke Ellington and other stars.

f. Through jazz, the recording industry began to develop products specifically aimed at urban working-class blacks. While its marketing reflected the segregation of American society at large, jazz brought black music to the center stage of American culture. It became the era's signature music, so much so that novelist F. Scott Fitzgerald dubbed the 1920s the "Jazz Age."

3. Marcus Garvey and the UNIA
   a. It was no accident that the Universal Negro Improvement Association (UNIA), which arose in the 1920s to mobilize African American workers, was based in Harlem. Led by Jamaican-born Marcus Garvey, the UNIA championed black separatism.
   b. The charismatic Garvey urged followers to move to Africa, arguing that peoples of African descent would never be treated justly in white-run countries.
   c. The UNIA grew rapidly in the early 1920s and soon claimed four million followers, including many recent migrants to northern cities. It published a newspaper, *Negro World*, opened "liberty halls" in northern cities, and solicited funds for the Black Star Line steamship company, to trade with the West Indies and carry American blacks back to Africa.
   d. But the UNIA declined as quickly as it had arisen. In 1925, Garvey was imprisoned for mail fraud because of his solicitations for the Black Star Line. President Coolidge commuted his sentence but ordered his deportation to Jamaica. Without Garvey's leadership, the movement collapsed.
   e. The UNIA left a legacy of activism, especially among working-class blacks. A transnational consciousness, or pan-Africanism, arguing that people of African descent, in all parts of the world, had a common destiny and should cooperate in political action, emerged owing to black men's military service in Europe during World War I, the Pan-African Congress seeking representation at the Versailles treaty table, the U.S. occupation of Haiti, and modernist experiments in literature and the arts.

B. Critiquing American Life
   1. Other American artists and intellectuals of the 1920s registered bitter dissent. Some had experienced firsthand the shock and devastation of World War I, an experience so searing that American writer Gertrude Stein dubbed those who survived it the Lost Generation.
   2. Novelist John Dos Passos railed at the obscenity of "Mr. Wilson's war" in *The Three Soldiers* (1921). Ernest Hemingway's novel *A Farewell to Arms* (1929) portrayed the futility and dehumanizing consequences of war.
   3. The war accelerated a literary trend of exploring the dark side of the human psyche. Playwright Eugene O'Neill, for example, offered a Freudian view of humans' raw, ungovernable sexual impulses, in such dramas as *Desire Under the Elms* (1924). O'Neill first made his mark with *The Emperor Jones* (1920), which appealed to Americans' fascination with Haiti.
   4. In a decade of conflict between traditional and modern worldviews, many writers exposed what they saw as the hypocrisy of small-town and rural life.
   5. The most savage critic of conformity was Sinclair Lewis, whose novel *Babbitt* (1922) depicted the disillusionment of an ordinary small-town salesman. *Babbitt* was widely denounced as un-American; *Elmer Gantry* (1927), a satire of a greedy evangelical minister on the make, provoked even greater outrage.

6. But critics found Lewis's work superb, and in 1930 he became the first American to win the Nobel Prize for literature.
7. Even more famous was F. Scott Fitzgerald's *The Great Gatsby* (1925), which offered a scathing indictment of Americans' mindless pursuit of pleasure and material wealth.

IV. From Boom to Bust

A. The Postwar Economy
1. Immediately after World War I, Americans experienced a series of economic shocks, beginning with rampant inflation that raised prices by one-third in 1919 alone, followed by a two-year recession that raised unemployment to 10 percent. Then the economy began to grow slowly; between 1922 and 1929, national per capita income rose an impressive 24 percent.
2. Large-scale corporations continued to replace individual- or family-run enterprises as the major form of American business organization.
3. Through successive waves of consolidation, the two hundred largest businesses came to control almost half the country's nonbanking corporate wealth by 1929. The greatest number of mergers occurred in rising industries such as chemicals (in which DuPont emerged as the leader) and electrical appliances (General Electric).
4. At the same time, mergers between Wall Street banks enhanced the role of New York as the financial center of the United States and, increasingly, the world. U.S. companies exercised growing international power.
5. Despite the boom, the economy had significant weaknesses throughout the 1920s. Agriculture, which still employed one-fourth of all workers, never fully recovered from the postwar recession. Once Europe's economy revived, its farmers flooded world markets with grain and other farm products, causing prices to fall. Other industries, including coal and textiles, languished for similar reasons. Many rural Americans shared little of the decade's prosperity. The bottom 40 percent of American families had an average annual income of only $725 (about $9,100 today).

B. Consumer Culture
1. The Automobile
   a. The middle-class home was filled with consumer goods. By 1929, 40 percent of American households owned a radio. At the same time, electric refrigerators and vacuum cleaners came into use in affluent homes.
   b. The advertising industry reached new levels of ambition and sophistication, entering what one historian calls the era of the "aggressive hard sell," encouraging consumers to buy what they wanted not what they needed.
   c. In practice, the question of who participated in consumer culture was contested—as shown vividly in the Tulsa race riot, when white mobs plundered furniture and phonograph players from black homes.
   d. Surrounded by exhortations to indulge in luxuries, millions of working-class Americans barely squeaked by, with wives and mothers often taking paid work to provide basic necessities. At times of crisis, some families sold all their furniture, starting with pianos and phonograph players and moving, if necessary, to dining tables and beds. Others bartered with neighbors or raised vegetables in their yards.
   e. When every dollar counted, the lure of consumer culture often created friction. Married women resented husbands who spent discretionary cash and expected wives to "make do." Generational conflicts emerged, especially when wage-earning children challenged the long-standing expectation that their earnings should go "all to mother."
   f. Poor and affluent families often had one thing in common: they stretched their incomes by taking advantage of

new forms of borrowing, such as auto loans and installment plans. "Buy now, pay later," said the ads, and millions did—a factor that contributed to the country's broad economic over-extension in the 1920s. Anyone, no matter how rich, could get into debt, but consumer credit was particularly perilous for those living on the economic margins. Such easy credit turned out to be a contributing factor to the bust in 1929.

g. No possession typified national consumer culture better than the automobile, a showpiece of modern consumer capitalism that revolutionized American economic and social life. In a single year, 1929, Americans spent $2.58 billion on automobiles. By the end of the decade, they owned 23 million cars—about 80 percent of the world's automobiles—or an average of one car for every six people.

h. The exuberant expansion of the auto industry rippled through the economy, with both positive and negative results. It stimulated the steel, petroleum, chemical, rubber, and glass industries and, directly or indirectly, provided jobs for 3.7 million workers. Highway construction became a billion-dollar-a-year enterprise, financed by federal subsidies and state gasoline taxes. Car ownership spurred the growth of suburbs and, in 1924, the first suburban shopping center: Country Club Plaza outside Kansas City, Missouri.

i. But cars were expensive, and most Americans bought them on credit. This created risks not only for buyers but for the whole economy. Borrowers who could not pay off car loans lost their entire investment in their cars; if they defaulted, banks were left holding unpaid loans. But amid the boom of the 1920s, such a scenario seemed remote.

j. Cars changed the way Americans spent their leisure time. Though gasoline was not cheap, proud drivers took their machines on the road. An infrastructure of gas stations, motels, and drive-in restaurants soon catered to drivers.

k. Railroad travel began to fade as automobiles became central to tourism. The American Automobile Association, founded in 1902, estimated that in 1929 almost a third of the population took vacations by car, patronizing "autocamps" and cabins. By 1923, there were 247 autocamps in Colorado alone.

2. Hollywood

a. Movies, which had their roots in short silent films shown in turn-of-the-century nickelodeons, formed a second centerpiece of consumer culture. By 1910, the moviemaking industry had moved to southern California to take advantage of cheap land, sunshine, and varied scenery within easy reach.

b. The large studios—United Artists, Paramount, and Metro-Goldwyn-Mayer—were run mainly by eastern European Jewish immigrants.

c. By the end of World War I, Hollywood reigned as the movie capital of the world, producing nearly 90 percent of all films. New feature-length movies, exhibited in large, ornate theaters, attracted middle-class as well as working-class audiences.

d. Flappers represented only a tiny minority of women, but thanks to the movies and advertising, they became an influential symbol of women's sexual and social emancipation. In cities, young immigrant women eagerly bought American makeup and the latest flapper fashions and went dancing to jazz.

e. Jazz stars helped popularize the style among working-class African Americans. Mexican American teenagers joined the trend, though they usually found themselves under the

watchful eyes of *la dueña*, the chaperone.

f. American radio and film had an immediate global impact, and politicians quickly grasped the potential benefits for the United States. In 1919, with government support, General Electric spearheaded the creation of Radio Corporation of America (RCA), to expand U.S. presence in foreign radio markets.

g. During the 1920s, RCA—which had a federal appointee on its board of directors—emerged as a major provider of radio transmission in Latin America and East Asia.

h. Meanwhile, by 1925, American films made up 95 percent of the movies screened in Britain, 80 percent in Latin America, and 70 percent in France. The United States was experimenting with what historians call soft power—the exercise of popular cultural influence—as radio and movies exuberantly celebrated the American Dream.

C. The Coming of the Great Depression

1. Toward the end of the decade, strains on the economy began to show. By 1927, consumer lending had become the tenth-largest business in the country, topping $7 billion a year. Increasing numbers of Americans also bought into the stock market, often with unrealistic expectations.
2. Corporate profits were so high that some companies, fully invested in their own operations, plowed excess earnings into the stock market. Some market players compounded risk by purchasing on margin. Such a strategy raked in gains as long as the economy grew, jobs were plentiful, and investments rose in value. But those conditions did not last.
3. Yet even when the stock market crashed, in a series of plunges between October 25 and November 13, 1929, few onlookers understood the magnitude of the crisis. Deep, cyclical depressions had been a familiar part of the industrializing economy since at least the panic of the 1830s; such depressions had tended to follow periods of rapid growth and speculation. A sharp downturn had occurred recently, in 1921, without triggering long-term disaster.
4. The market rose again in late 1929 and early 1930, and while a great deal of money had been lost, most Americans hoped the aftermath of the crash would be brief. Instead, the nation was experiencing the beginning of the Great Depression.
5. Over the next four years, industrial production fell 37 percent, and construction plunged by 78 percent. Prices for crops and other raw materials, already low, fell by half. By 1932, unemployment reached a staggering 24 percent.
6. A precipitous drop in consumer spending helped deepen the crisis. Having bought on credit, and now facing hard times, consumers cut back dramatically, creating a vicious cycle of falling demand and forfeited loans.
7. In late 1930, several major banks went under, victims of overextended credit and reckless management. As industrial production slowed, a much larger wave of bank failures occurred in 1931, causing an even more severe shock. Since the government did not insure bank deposits, savings in failed banks simply vanished.
8. Not everyone experienced absolute devastation; the middle class remained and the wealthy continued to live in luxury. Incomes, however, declined and a barter system, exchanging services for goods, developed across the nation.
9. Desperate people turned to churches, synagogues, and other forms of private charity for aid, but by winter of 1931 these organization were overwhelmed. The lack of unemployment insurance and public support for the elderly combined with wiped-out savings created widespread misery.
10. Even those not entirely broke or unemployed had to adjust to depression

conditions. Marriage rates dropped to historical lows as did birthrates. Despite hiring restrictions, female employment increased.

11. The severity of the depression varied by region. Bank failures were more prominent in the Midwest and plains. Extractive industries such as timber and mining suffered catastrophic declines. Southern states endured less unemployment owing to a smaller manufacturing base, but farm wages plunged. Unemployment rates for black men and women were two to three times as high as for whites.
12. In 1932, Americans went to the ballot box and decidedly rejected the probusiness, antiregulatory policies of the 1920s. They wanted bold action. Faced with the cataclysm of the Great Depression, Americans transformed their government and created a modern welfare state.