*The Machine Age (1877 – 1920)* **\*Famous Inventors and Their New Technologies\*** – From 1860 to 1900 a second, more complete wave of industrialization swept the country, this time focusing on new inventions such as electricity rather than the already explored steam power. Some memorable people involved in this were…

* **Thomas Edison** [“The Wizard of Menlo Park”] – Edison first set up his lab in Menlo Park in **1876**, and in **1878** he formed the **Edison Electrical Company**, which was responsible for the invention of the **light bulb**, the **generator**, and many other appliances that utilized electricity. Edison was also memorable for his self-promotion and publicity efforts.
* **George Westinghouse** – Westinghouse discovered how to use alternating current and transformers to transmit electricity over long distances. This made Edison’s generators feasible power sources. Westinghouse also devised an air break for RRD cars.
* **Granville Woods** [“The Black Edison”] – Woods patented 35 electronics/communications things, including the electromagnetic brake and automatic circuit breaker. He sold them to GE.
* **Henry Ford** – In the 1890s Ford experimented w/the internal combustion engine (i.e. car). But his biggest achievement was his manufacturing scheme – the mass-production of identical cars for mass consumption. Ford created the **Ford Motor Company** in **1903** and, by doing so, democratized the car.
* **Du Pont Family** – The DP’s applied Ford’s techniques to the chemical industry, resulting in great innovations in plastics (**1911**) and new forms of efficient management.
* **James Bonsack** – Bonsack revitalized the tobacco industry by inventing a machine for rolling cigarettes in **1876**. His invention was popularized by **James B. Duke**, owner of the American Tobacco Company.

– These developments encouraged general optimism, even in the South, where mills began to use automatic looms [fewer skilled workers] and electric lighting [longer hours]. These mills, like Southern steel and iron manufacturing, were developed by Northern investors in the 1880s. But e/t the South was improving, it would not really emerge until after WWI. – Remember: new marketing techniques and new inventions went hand in hand. The key thing about the successful inventors was that they knew how to sell their stuff. The rise of the machine also led to changes in the economy that made large-scale production more profitable and desirable [**economies of scale**] and created a new focus on **efficiency**, as advocated by **Frederick W. Taylor** [efficiency = science]. **\*The Effect of the Machine on the Economy\*** – Industrialization implied that factories had to be large and operate at capacity to make profits; but they also had to sell, which meant prices had to remain low. To make this possible, businesses had to expand production and reduce wages. This required loans, and loans required more production, and so on. This cycle effectively wiped out small firms. – Consequently, to deal with the constant uncertainly of the market conditions, businesses began centralizing to control their corners of the market. Some consolidating techniques included…

* **Corporations**: Under corporation laws, anyone could start a company and raise money by selling stock to investors, who would face no personal risk other than the money they invested. Corporations gained more power due to SC rulings in the 1880s and 1890s that gave them the same 14th Amendment protections as individuals.
* **Pools**: Basically, pools were “Gentlemen’s Agreements” between companies that set limits on production and agreed to the sharing of profits. Since they depended on honesty, though, their usefulness had already died by the time they were outlawed among RRDs in **1887**.
* **Trusts**: Originated by Rockefeller, trusts relied on the principle that one company could control another by forcing it to yield control of its stock to the bigger company’s board of trustees. This allowed for **horizontal integration**, which was pioneered by **Rockefeller** in **1882** w/Standard Oil [ex. take over all oil refineries].
* **Holding Companies**: In **1888** New Jersey allowed corporations to own property in other states and own stock in other corporations. This led to the holding company, which owned interest in other companies and could help merge them. This led to **vertical integration** like **Gustavus Swift** achieved w/meat processing [ex. take over all meat related industries].

– So mergers were answer to the search for order and profits in the business world. The biggest corporation of the time was the **US Steel Corporation**, created by **Andrew Carnegie** and later sold to **J.P. Morgan** in **1901**. Speaking of J.P., the merger movement created those wonderful people we all know and love, the brokers, who specialized in engineering mergers. Everyone joined the investing frenzy; regulations were loosened, laissez-faire, etc. **\*The Effect of the Machine on Labor\*** – Mechanization obviously meant big changes for workers, who were forced to acclimate themselves to new factory conditions that minimized their independence. Some significant trends included:

* *The replacement of the producer by the employee:* most workers no longer were their own bosses. Instead, they were paid for time on the job.
* *Specialization and the devaluation of skilled labor:* workers in mass-production assembly lines found themselves doing the same stupid little task over and over again instead of making their own decisions about techniques, starting and stopping times, etc.
* *Increased company control:* in efforts to increase worker efficiency, employers tried to establish temperance/reform societies and control workers’ social lives. Other employers began paying per item produced rather than by hour.
* *Employment of women and children:* as the need for skilled workers decreased, employers cut costs by hiring women and children for assembly lines. Women also worked in the service sector and in sales/secretarial positions. By 1900, some state laws limited the employment of children, but many companies still got away with it.
* *Decreased independence:* in addition to finding their actual jobs more constricting, workers found that their wages were largely beyond their control and were often unable to find steady work – i.e. they were trapped by the system.
* *New threats at the workplace:* workers encountered industrial accidents, etc.

– So basically the machine gave the workers the crap end of the deal. Worse still, they weren’t allowed to organize effectively as a result of a series of anti-labor decisions, and free-market views made it difficult for legislation dealing with working hours and conditions to be passed. – Supreme Court cases dealing with labor regulation:

* *Holden v. Hardy (1896)* – Court upheld regulation on miners’ working hours
* *Lochner v*. *New York (1905)* – Court rejected regulation on bakers’ working hours b/c job not considered to be dangerous, interference w/contract = violation of Fourteenth Amendment
* *Muller v. Oregon (1908)* – Court upheld regulation on women laundry workers’ working hours, claiming that women needed special protection, led to laws banning women from occupations

– Generally, though, workers did not make much progress, which led to the… **\*The Union Movement\*** – Important **strikes/events** relating to the Unions:

* **1877**: In July, Unionized RRD workers struck to protest wage cuts [b/c of **Panic of 1873**]. The strikes led to violence, which was broken up by state militia companies hired by the employers. Strikebreakers were also hired. Finally Hayes sent federal troops to quell the unrest. After 1877, the union movement really began picking up speed. Trade unions, which specialized in skilled workers in particular crafts, had been around for years, but no real organizations of nat’l scope survived the panic except for the **Knights of Labor**.
* **Haymarket Riot** [May 1, 1886]: In Chicago, several groups joined for the campaign for an 8-hour workday and organized mass strikes and labor demonstrations. Workers involved included the craft unions as well as anarchists. Consequently, in response to an outbreak of police brutality a bomb was set off in Haymarket Square [presumably by anarchists], resulting in the arrest of 8 immigrant radicals, some of who were pardoned. The HR led to increased paranoia with respect to anarchism and labor.
* **July 1892**: AFL-affiliated Iron and Steelworkers Association went on strike in Pennsylvania, causing **Henry Frick** to close the plant and hire Pinkerton detectives to defend it. Although the strikers eventually gave in, it gave the union more bad PR due to workers attacking, etc.
* **Pullman Strike** [1894]: To protest Pullman’s policies in his company town, workers walked out at the factory. Pullman would not negotiate, so workers for the American Railway Union called a strike. Pullman closed the factory; the Union [**Eugene V. Debs**] refused to handle Pullman cars; and finally a court injunction was used to stop the strike.

– Important workers’ organizations:

* **Knights of Labor**: Founded in **1869** by **Terence V. Powderly**, the KOL welcomed all unskilled and semiskilled workers on a nat’l level. The basic ideology of the KOL was pretty utopian: i.e. they wanted to get rid of capitalism in favor of a “cooperative workers’ alliance” in which workers worked for themselves. Consequently, the KOL refused to strike, b/c it would go against the “cooperative” idea. As a result of their cooperative policies, the KOL lost influence, esp. after, in **1886**, a strike began among a sector of the KOL against RRD boss Jay Gould to protest cut wages. Powderly met with Gould and called off the strike, but Gould would not concede, so the militant unions began to quit the KOL, seeing it as weak.
* **American Federation of Labor**: The AFL emerged as the major organization after **1866**. Led by **Samuel Gompers**, it avoided the KOL idealistic rhetoric, concentrated on concrete goals [higher wages, shorter hours, right to bargain collectively], and excluded unskilled workers and women. The AFL also avoided party politics.
* **Industrial Workers of the World** [IWW, “Wobblies”]: The IWW, which aimed to unite all workers, was basically a socialist/anarchist organization that believed violence was justified to overthrow capitalism. The organization finally collapsed in WWI.

– *Women in the Union movement:* most Unions rejected women due to a fear of competition [women would work for lower wages] and sex segregation. Still, some women formed their own Unions, and in **1903** the **Women’s Trade Union League** was founded. The WTUL encouraged protective legislation, education, and women’s suffrage – it was an important link between labor and the women’s movements. – *Immigrants/AA in the Union movement:* most Unions also rejected immigrants and African Americans b/c of lower wages, and prejudices were reinforced when blacks worked as strikebreakers. – REMEMBER only a portion of workers were in unions; job instability really made it hard for organizations to form effectively. Fraternal societies were also prevalent during the time. **\*Standards of Living\*** – Industrialization created the beginnings of the monster we now know as our fully commercialized society. Formerly isolated communities began to, through electricity and communications, get access to good and services. Status became more based on $ [more mobility]; but the gap between rich and poor grew. – Incomes rose a lot, but then again so did prices. Working class families could hypothetically afford new stuff, but they would have had to find additional sources of income [i.e. subletting, child labor]. Overall, though, paid employment became more prevalent, leading to the growth of our commercial society. – *Some symptoms of commercialization:* higher life expectancy due to advances in medical care and better diets, more upwards mobility [education became key], flush toilets, processed and preserved foods, ready-made clothing, department and chain stores, and my personal favorite, advertising. **\*Ideologies of the Time\*** – So what do you say when many small businesses are being ruthlessly crushed by mega-big moguls? It’s easy! **Social Darwinism**, originally advocated by **Herbert Spencer**, was taken over by Yale professor **William Graham Sumner** and stated that the survival of the fittest implied that the gov’t should stay out and let the rightful winners take their share. Monopolies = natural accumulation of power. – To add on to that, there was the **Andrew Carnegie** *Gospel of Wealth* concept: wealth carries moral responsibilities, and it’s good we moguls have it all b/c that way we can be the guardians of society. Gimme a break! Still, some industrialists did give a lot to charities. – It’s important to note that, though laissez-faire was the big concept, business leaders still pressed the gov’t for assistance, which it provided in the form of tariffs on foreign goods [allowed them to raise prices], subsidies, loans, and tax breaks. – Naturally, all this activity didn’t go by unnoticed, and some people certainly spoke out against it, portraying corporations as greedy and voicing fears of monopolies. – Some favored gov’t regulation or even socialism: in **1883** sociologist **Lester Ward** appealed for gov’t intervention and a cooperative philosophy in *Dynamic Sociology*, in **1879** writer **Henry George** asked for a tax on the rise in property values in *Progress and Poverty*, and in **1888** novelist **Edward Bellamy** wrote of a utopian, council of elders controlled city where jobs were managed by a small elite in *Looking Backward*. – As a result of popular pressure, states began to prohibit monopolies. But a nat’l level of legislation was needed, and it only came in **1890** with the **Sherman Anti-Trust Act**, which was left vague but made illegal anything that was in “restraint of trade.” Ironically, through, the act was used against striking workers more than it was against trusts. – A short list of SC cases regarding trusts:

* *Munn v. IL (1877)* – RRDs discriminated against farmers, so IL passed pro-farming legislation in the *Grange Laws*. This was challenged by the corporations, but the SC ruled in favor of state regulation b/c it had a direct effect on the general public.
* *Wabash, St. Louis and Pacific RR Co. v. IL (1886)* – Reversal of 1877 decision, only the federal gov’t was declared able to regulate interstate commerce.
* *US v. EC Knight Co. (1895)* – Sugar company had monopolized industry, so Cleveland ordered a case against the trust, but the SC ruled that the sugar people were in manufacturing, not commerce, so it was okay.

***The Gilded Age (1877 – 1900)***

**\*General Characteristics of Gilded Age Politics**

* The Gilded Age (1877 – 1900) was defined by industrialization, urbanization, and the commercialization of agriculture. Inevitably, the turbulence of the era made for a dynamic political climate, as illustrated by the fact that…
* Public interest in politics was at a peak – sort of like a spectator sport – and there was intense party loyalty [often on religious/ethnic lines] as follows:
* **Democratic Party** – opposed interference by gov’t w/respect to personal liberty, restrict gov’t power, mainly Catholic immigrants
* **Republican Party** – gov’t as agent of moral reform, direct gov’t action, mainly native-born Protestants
* Elections were also extremely close on both the local and nat’l levels; the two parties were split almost perfectly. \*At the state level, though, one party usually ruled via the state boss, who was usually a Senator. The boss wielded huge powers until the **Seventeenth Amendment** (1913), which provided for direct election of Senators.
* Still, there was a significant amount of factionalism within both parties. The Democratic Party divided into white-supremacy Southerners, immigrants, working-class city dwellers, and business types who liked low tariffs. As for the Republican Party, there were the:
* *Stalwarts* – led by NY Senator and party boss Conklin, heavy reliance on spoils system
* *Half-Breeds* – led by Blaine, supposed idealists but really just out of power
* *Mugwumps* – true idealists, tended towards Democratic side

– On a broader level, the Gilded Age resulted in three main things: the rise of special interests, some major legislative accomplishments, and the continuation of political exclusion for minorities/women. **\*The Main Issues of Gilded Age Politics\*** – Some key legislation was passed during the Gilded Age, mainly relating to the following issues…

* *Sectional Issues* – yes, the Civil War was still a problem, and both sides continually blamed e/o for the war and tried to invoke war memories for their own advantage. This led to a super costly veterans’ pension thing.
* *Civil Service Reform* – reformers began to advocate civil service reform (promotion based on merit rather than on party loyalty) as a means of restricting corruption. In **1881** the **National Civil Service Reform League** was formed, and in **1882** the **Pendleton Civil Service Act** was passed, which created the Civil Service Commission to oversee exams for positions for 10% of jobs. This was only the beginning, though, b/c the Constitution still stopped state corruption from being restricted.
* *Railroad Regulation* – to kill competition, RRDs developed several nasty habits: raising and lowering rates, making pricing dependent on competition rather than on distance, and playing favorites for big corporations. Farmers demanded regulation, resulting in commissions in 14 states by 1880. *Munn v. Illinois* reinforced the state regulation deal, but the 1886 *Wabash* case showed states couldn’t regulate interstate lines. In 1887, though, the **Interstate Commerce Act** was passed, which created the ICC to investigate RRD practices but didn’t provide for its enforcement – so the pro-business SC limited its powers through the *Maximum Freight Rate* case (1897 – ICC can’t set rates) and the *Alabama Midlands* case (1897 – RRDs can give higher rates for shorter distances).
* *Tariffs* – e/t they started out as measures to protect industries, tariffs were being abused by big companies to charge excessively high prices. Tariffs became a big party issues, as Republicans made protective tariffs part of their platform while Democrats pushed to lower rates (reduce the surplus by cutting taxes/tariffs, gov’t shouldn’t be making $). In the end, Republicans won out w/the **McKinley Tariff of 1890** and then the **Dingley Tariff** of 1897.
* *Monetary Policy* – when prices fell after the Civil War, farmers got into trouble b/c their debts were worth the same, but their products were worth less. As a result, they went for silver while creditors favored a more stable gold-backed money supply. The whole deal even turned into a sort of class conflict and moral/religious thing. By 1870 the sides were clear – creditors (gold) and debtors (silver) – and when silver dollars were taken away after their value went up in respect to gold it was referred to as the “Crime of ’73.” The **Bland-Allison Act** (1878, allowed the Treasury to buy $2-4 million of silver) and **Sherman Silver Purchase Act** (1890) were concessions, but the silver side remained unsatisfied.

– Overall, corruption notwithstanding, many important acts were passed during the Gilded Age. **\*The Gilded Age Presidents\*** – After the scandals of Grant’s administration and the election of 1876, Gilded Age Presidents attempted to reestablish the legitimacy of the Presidency. They also began initiating legislation and using the veto more. – **Rutherford B. Hayes** (Republican, 1877 – 1881) was a quiet compromiser who emphasized nat’l unity, opposed violence, and attempted to get rid of the spoils system by battling Conklin (he fired Chester Arthur, Conklin’s protégé, from NY Customs). – **James Garfield** (Republican, 1881) aimed to reduce the tariff and maintain and independent position, but he was assassinated by a rebuffed patronage seeker and was succeeded by former Conklin protégé **Chester Arthur** (Republican, 1881 – 1885), who actually became a prudent leader: he passed the Pendleton Civil Service Act(1883), supported RRD regulation, and used the veto to control business. – **Grover Cleveland** (Democrat, 1885 – 1889) expanded civil service, vetoed private pension bills, and tried [and failed] to lower tariffs. Cleveland was defeated in 1888 by **Benjamin Harrison** (Republican, 1889 – 1893) b/c he was better at cheating. – Through various methods, **Harrison** influenced the legislation that was passed, resulting in more bills than usual; issues dealt w/included civil service reform and the Dependents’ Pension Act [Union veterans]. Consequently, though, the budget exploded, giving the Democrats another opportunity. – **Cleveland** ran again and won, during his second term (1893 – 1897) he attempted to deal w/currency, tariffs, and labor problems but ended up having to rely on big business, esp. b/c of the panic of 1893. **\*Limits of Gilded Age Politics\*** – Not everyone was included in Gilded Age politics, both in the North and the South. Race was of particular relevance in the South, though, where poor whites tried to squash the freedmen in order to preserve their own real or imagined social superiority. – Race violence became commonplace in the South, as did disenfranchisement via poll taxes and bogus literacy tests [this was permitted b/c of *US v. Reese*, which ruled that Congress couldn’t control voting rights outside of the explicit conditions mentioned in the 15th Amendment]. – Worse still, as a result of a series of decisions by the SC in the 1870s that climaxed in 1883 when the 1875 Civil Rights Act [prohibited segregation in public facilities] was struck down, blacks were stuck w/”separate but equal” facilities. This was upheld in *Plessy v. Ferguson* (1896) and *Commins v. Board of Education* (1899), and was followed by the proliferation of **Jim Crow** laws. – To cope, blacks tried to get educations, and black women often joined with white women to push for reform, especially reform relating to nat’l suffrage. Two major organizations led the fight: the **NWSA** [militants Elizabeth Cady Stanton, Susan B. Anthony wanted overall rights] and the **AWSA** [suffrage only]. – At first, the NWSA concentrated on a nat’l amendment, and the AWSA worked on the state level, but they merged in 1890 to become the NAWSA. Still, e/t they were successful in training leaders, raising awareness, and getting individual states to cooperate, nat’l suffrage was to come later. **\*The Agrarian Revolt\*** – Even before the advent of Populism, angry farmers were getting organized. At first, the “agrarian revolt” took the form of the **Grange Organizations** of the early 1870s, and then the **Farmers’ Alliances** in Texas and the Great Plains. So why were they so pissed off? Hmm…think about it. – Economic woes faced by the farmers:

* **Sharecropping** [the “crop lien” system] – if farmers [usually in South] were unable to pay their debts [for supplies], they had to promise to pay with their crops. The crops would rarely be worth enough, so they would borrow more, etc.
* **Economic Change** – in the South, yeoman farmers were being pushed into cotton raising b/c of the debts incurred during the war [it was no longer practical to grow own food]. This made the debt situation worse and put them at the mercy of merchants. In the Midwest, the problem involved dropping prices [due to technological advances] that necessitated increases in production. But since costs weren’t dropping, many farmers got stuck big time.
* **Price Inflation/Interest Rate** – to make matters worse, merchants took advantage by charging insane interest and inflating prices.
* **RRD Exploitation** – see above
* **Weather/Bugs** – well, the industrialists also played a part by making mail order bugs that farmers could let loose on competitors, as well as portable hurricanes. Haha…just kidding!

– **Grange Movement** (1870s) – farmers formed a network of Granges w/elected officers and membership oaths. E/t they began as social things, Granges soon turned to economics/politics. This didn’t work so well, though [they elected people, but couldn’t fight the corporations], so Granges declined in the late 1870s. In the Southwest, Mexican farmers also organized into the **White Hats** [“Gorras Blancas”], who were against the encroachment of English ranchers on their traditional lands, but this failed too. – **Farmers’ Alliances** (1890s) – there were two (Great Plains & South). They began in Texas, and were generally groups of small farmers that were trying to combat big money, esp. RRDs. Like the Granges, they held rallies, educational meetings, and had cooperative buying and selling agreements. – **Subtreasury Plan** – proposed by the FA, this was a plan to help indebted farmers that called for the federal gov’t to build warehouses where farmers could keep crops [and receive loans at 80% of the market price] while they waited for higher prices. Also, the gov’t would give low-interest loans to land buyers. This was meant to inject cash into the economy and raise crop prices while keeping others the same. – E/t early attempts at merging were sabotaged by sectional differences, both Alliances eventually formed a third party in Omaha 1892 – the Populist Party. The Populists nominated **Weaver** for the 1892 election, and he ran on the **Omaha Platform**, which called for gov’t ownership of utilities and RRDs, gov’t ownership of land, farm loans, expansion of the currency, an income tax, direct election of Senators, and a shorter wkday. – Of course, Weaver lost to Cleveland, but the Populists gained support through their wild speeches, etc. **\*The Depression of the 1890s\*** – The Depression of the 1890s really started in 1893 with the collapse of the Nat’l Cordage Company, which, like many other RRDs and manufacturers, had borrowed too much and was unable to pay its debts. To try to make up for their debt, companies bought more equipment and worked people harder – but all that did was make workers lose money as well. So companies closed, banks closed…overall, it sucked. – The worst of it was between 1893 and 1895…people lost money, so they didn’t want to buy things, so prices dropped more, so wages dropped more…you get the picture. Currency was still a problem, as the gold reserves were dropping due to a silver boom, and the more the gold dropped, the more people tried to redeem their securities. – As a result, the Sherman Act was repealed in 1893, but people STILL didn’t stop, which forced Cleveland to accept an offer from J.P. Morgan (in return for bonds, which they resold for profit). This got Cleveland in trouble with his fellow Democrats and wasn’t even that beneficial, as the economy crashed again in 1895 before it began to rise back up due to gold discoveries in Alaska, good harvests, and industrial growth. – Strangely enough, the Depression was the last element in cementing the new national economy, b/c it wiped out lots of the weaker industries, I guess. **\*Depression Era Protests\*** – The first real protests were in 1877 [the RRD strikes], and they were followed by the Haymarket Riot (1866), Carnegie Steel strikes in 1892, violence at a silver mine (also in 1892), etc. These events scared the crap out of many well-off people, who thought, “Oh my GOD …the ANARCHISTS are behind it all.” – This actually wasn’t true at all, though. There were some socialists in America, but it didn’t work out so well b/c of factionalism and the constant temptation to get ahead via the capitalist system. The biggest socialist leader, **Eugene V. Debs**, emerged in the aftermath of the 1894 Pullman car strike – but e/t he did form the **Socialist Party of America**, not much came of it until the next century. – In 1894, another popular movement, **Coxey’s Army**, got a lot of attention. Coxey, who advocated public works projects and low-interest gov’t loans, led a huge number of farmers/unemployed people on a march to the capital. On the day of the demonstration, however, police stopped the protestors and arrested Coxey. **\*The Election of 1896\*** – The Populists prepared to run again in the **Presidential Election of 1896** – they were doing well, but their biggest problem was lack of organization, and the effects of racism. The big issue, as they saw it, was the coinage of silver, which they promoted as the obvious sol’n to the country’s economic problems. – But Populists still faced one decision: should they semi-join one of the major party factions, or should they stay totally independent (and not win as many votes)? Republicans were obviously out of the question, as they supported big-business and the gold standard, but union w/the Democrats didn’t seem that bad. – Anyhow, the Republicans went ahead and nominated **William McKinley** [at the suggestion of **Marcus Hanna**, an Ohio industrialist] w/o any problems; their only crisis was that, in response to their gold policies, a small group of silver Republicans walked out. – The Democrats, on the other hand, became obsessed w/silver and nominated big orator guy **William Jennings Byran**, who wrote the famous convention pro-silver speech [of course, some gold Democrats had to go and walk out, but who cares about them]. – As a result, the Populists decided to go w/Bryan and the Democrats, only w/a different VP nominee. So, the campaign began. Bryan went on an all out speaking tour full of emotion, evangelicalism, and all that. McKinley sat at home on his butt and waited for the press to come to him so he could tell them about the new jobs he’d make w/his protective tariffs. – What happened? McKinley killed Bryan, partially b/c the urban-rural coalition the Populists wanted hadn’t happened b/c of their silver obsession [took away from other reforms, and urban workers thought it would lower the value of their wages]. – Naturally, McKinley signed the **Gold Standard Act** (1900), which required that all paper money had to be backed by gold; he also raised tariffs and encouraged imperialism. The economy improved, but mainly b/c of the gold discoveries in Alaska, not b/c of McKinley. Nobody cared though, so they elected him again.

***The Progressive Era (1895 – 1920)***

**\*Progressivism: An Overview\*** – In 1912, a new party emerged on the political scene, calling themselves the **Progressives**. The formation of the party was actually the culmination of a series of reform movements that began in the 1890s. – Some general CAUSES of Progressivism:

* *The 1890s* – Yes, the 1890s were a cause of Progressivism, mainly b/c they sucked. In the 1890s, all the tensions built up during industrialization broke loose in the **Panic of 1893**, labor problems, political issues, and foreign entanglements.
* *Capitalism OUT OF CONTROL* – Partially b/c of the depression, many people started to realize that capitalism, w/its monopolistic tendencies and rampant destruction of natural resources, needed just a bit of restraint.
* *Screwed-Up Cities* – Disease, poverty and crime were often rampant.
* *Immigration and the rise of a new socio-economic elite* – This made people nervous.

– The bottom line of Progressivism was basically this: SOCIETY IS RESPONSIBLE FOR INDIVIDUALS AND SHOULD HELP THEM – as opposed to Gilded Age every-man-for-himself Social Darwinism. This manifested itself through a desire to:

* *End Abuses of Power* – Trust-busting, consumers’ rights, good government.
* *Build New Institutions* – Schools, hospitals, all that crap.
* *Be Efficient* – “Wow! Let’s make our political and social institutions just like factories!” Well, that might explain the way school is, but anyway…
* *Achieve Perfection* – Yeah, they really thought it could happen. Geez.

**\*Politics in the Progressive Era\*** – During the PE, *party loyalty and voter turnout declined* as *politics opened to new interest groups*, each of which had their own agendas – i.e. the Progressive Era witnessed the birth of that delightful phenomenon: the nationwide [charitable] organization that calls your house and asks you for money eight times a day. These organizations included: professional groups, women’s organizations, issue-oriented groups, civic clubs, and minority groups. So, *politics became more fragmented and issue-driven*. – Politics also became more open to foreign models/ideas and reform took on a far more *urban orientation*, as opposed to the Populist movement that culminated in the 1896 election. This was partially due to the leadership of the new middle class [professionals], who lived in the cities. – Another novelty was *Muckraking Journalism* – i.e. journalists who combined the public’s love of scandal w/exposes of social/political injustices. Names to know: **Steffen’s** *The Shame of the Cities* (1904), **Upton Sinclair’s** *The Jungle* (1906), **Ida Tarbell** [Standard Oil]. – Then there was the *movement towards more direct participation in gov’t*, which, it was hoped, would control corruption. Progressives wanted: the **initiative** [propose laws], the **referendum** [vote on laws], and the **recall** [get rid of offending officials]. – One thing to remember – *not everyone in the PE was actually a Progressive*. Plenty of people opposed them: Socialists from the left, and business leaders and anti-gov’t interference people from the right. Progressives were basically in the center. **\*Governmental and Legislative Reform\*** – With the big economic crises of the late 1800s, American resistance to gov’t interference in daily life began to diminish. Progressives, especially, saw the gov’t as a tool that would ensure social justice and act against inefficiency and exploitation. But first, they felt, they had to *eliminate corruption*. – Before the Progressive Era, reformers had tried to wipe out boss politics in the cities – this had been only partially successful – but after 1900 it worked out as city manager and commission forms of city gov’t were installed. But the cities were not enough…most Progressives wanted state and nat’l gov’t reform as well. – Naturally, each region had its own pet peeves. One thing that was common, though, was a belief in strong, fair executives, esp. governors like Wisconsin’s **Robert “Battling Bob” La Follette**, who installed a major reform program w/direct primaries, fairer taxes, RRD regulation, and commissions staffed by experts. – Anyhow, the crusade against corruption worked to some extent throughout the country [e/t in the South, many Progressives were still racists] – by 1916 all but 3 states had the initiative, referendum and recall; and in 1913 the **Seventeenth Amendment** was passed, which provided for direct election of Senators. Nevertheless, there were still many cases were bosses stayed just b/c of their superior organization. – When it came to *labor regulation*, however, legislation was much more effective b/c both reformers and bosses supported it. States passed laws protecting public health and safety (police), supporting factory inspection, requiring accident compensation, and banning child labor. – Then there was the *moral angle*, which was far more controversial…some of the major issues included drinking habits [**Anti-Saloon League** (1893)], which resulted in the **Eighteenth Amendment** outlawing the sale of liquor, and prostitution – “white slavery” – a threat that was really more imagined than real, but still managed to get a whole lot of attention and the passage of the **Mann Act** (1910), which prohibited transportation of a woman for immoral purposes. – Overall, the reformers’ efforts reflect their ideology that environment, not human nature, creates sin…i.e. that humans can achieve perfection in the right setting. **\*New Philosophies in the Progressive Era\*** – Changes in society prompted a multitude of new ideas during the Progressive Era, including:

* *Education* – For the first time, educators were faced w/masses of children going to school full time [b/c of the growth of cities]. In response, philosopher **John Dewey** [*The School and Society* (1899), *Democracy and Education* (1916)]decided that personal development should be the focus of education, and that all teaching had to relate directly to experience, so that kids “discover knowledge for themselves.” Yeah, now we know who to blame for all the stupid stuff we did in elementary school! But this ended up in colleges too, which soon began to expand their curriculums – still, women/blacks were mostly left out of educational opportunities.
* *Law* – A new legal philosophy, led by **Roscoe Pound**, held that social reality should influence legal thinking – i.e. the law should reflect society’s needs and work from experience [gathering scientific data], not be this abstract, inflexible thing. Of course, this methodology met opposition in the old *laissez-faire* judges, who struck down public safety regulations in cases like *Lochner v. NY* (1905). But some were also upheld – ex. *Holden v. Hardy* (1898). Another big question was: how can general welfare benefit w/o oppressing minorities?
* *Social Science* – Similar to changes in law, new scholars began to argue that economic relationships depended on social conditions [as opposed to being timeless]. Progressive historians [**Frederick Jackson Turner**, **Charles A. Beard**] also emphasized the flexibility of the Constitution – it has to serve each age in its own way.
* *Public Health* – New organizations, like the **National Consumers League** joined scientists to combat workplace hazards, help female workers, and urge for food safety regulations.
* *Eugenics* – B/c of Darwin, some people [**Francis Galton**] came up w/the idea that society had an obligation to prevent “defective” people from reproducing. This resulted in laws in some states allowing sterilization of criminals and the mentally ill. This thinking received a boost in *The Passing of the Great Race* (1916) by Madison Grant, which held that immigrants were threatening the superior Nordic race.

– MOST IMPORTANTLY, though, was the *Social Gospel* – Underlying all Progressive actions was the idea that, instead of Social Darwinism, people have an obligation to help improve society. This idea was rooted in religion, and in the previous evangelical reform movement philosophies. **\*Challenges to Racial/Sexual Discrimination\*** – Most minorities were ignored by Progressives, but they found their own leaders willing to challenge inequality. By 1900, in the South, blacks faced constant segregation via Jim Crow laws [caused by *Plessy v. Ferguson*], discrimination, and violence. This held true, to a lesser degree, even when they moved North. – There were two main leaders/responses to the problem faced by blacks:

* **Booker T. Washington** [rural] – Through “Self-Help” [hard work leading to economic success], Washington felt that blacks could *eventually* acquire social and political rights. For the time being, however, he felt that they should compromise with whites – though he did not feel blacks were inferior, he still endorsed a separate-but-equal policy. But his views, as presented in the **Atlanta Exposition** (1895), encountered opposition from more radical elements.
* **WEB Du Bois** [urban]– In response to Washington, DB felt that blacks should not have to tolerate white domination and should immediately fight for their social and political rights. DB met with supporters at the **Niagara Conference**, and, in 1909, he joined w/white liberals to form the NAACP, which advocated an end to discrimination.

– American Indians also attempted to form the Society of American Indians (SAI), but it didn’t work out as a governing body b/c racial pride gave way to tribal pride, not unity. – As for “The Woman Movement,” the Progressive Era heralded an important shift in ideas from the thought that women were special and belonged in other areas of society [so that they could spread their unique talents] to the newfangled \*shocking\* concept that women needed economic/sexual equality and independence. The latter idea, which arose around 1910, was known as *feminism*. – With feminism came the idea of “sex rights” and birth control as proposed by leader **Margaret Sanger**, who formed the American Birth Control League and managed to make the issue part of public debate. – Then, of course, there was suffrage…led by **Harriot Blatch**, feminists argued that women needed the vote as political leverage to get better working conditions [all women worked, she argued, whether paid/unpaid]. – Anyhow, the suffragists achieved successes through letter-writing, NAWSA articles, marches of the **National Woman’s Party** [**Alice Paul**] and, most of all, women’s roles in WWI. As a result, the nat’l suffrage amendment was finally passed in 1920. Nevertheless, women remained subordinate to men socially and economically for some time. **\*Theodore “Teddy” Roosevelt and the Revival of the Presidency\*** – After the assassination of McKinley in **September 1901**, young **Theodore Roosevelt** was sent into the White House. Roosevelt supported regulatory legislation, obsessed over “manliness,” and was a brilliant rhetorician and publicity monger. – Issues addressed by TR:

* *Trust-Busting* – TR agreed w/Progressives that the new era needed a bigger, stronger nat’l gov’t that would act as an umpire in the big business game, deciding which business were okay and which weren’t. And e/t TR wasn’t as big a “trust-buster” as he claimed and only attacked “bad” trusts [he even instructed his **Bureau of Corporations** to assist in some forms of expansion], he did use the Justice Dept. to prosecute trusts that were exploiting the public, like the *Northern Securities* (1904)case.
* *Regulatory Legislation* – TR also supported regulatory legislation, like the **Hepburn Act** (1906), which gave the ICC more authority to set RRD rates. Also, TR investigated the meat industry [Sinclair’s *The Jungle*] and subsequently supported the **Meat Inspection Act** (1906) and the **Food and Drug Act** (1906). In both areas, however, TR compromised rather than risk not gaining anything.
* *Labor* – W/regard to labor, TR generally favored investigation and arbitration. In the **United Mine Workers Strike** (1902), he raised public opinion in favor of the miners and threatened to use troops to reopen the mines to force arbitration by a commission, which eventually raised wages, reduced hours and required dealing w/grievances [but didn’t require recognition of the union]. W/labor, TR felt only some organizations were legitimate, and wished to keep control.
* *Conservation* – TR made huge changes in federal policy towards resources by keeping land in the public domain and supporting the **Newlands Reclamation Act** (1902), which controlled sales of irrigated land in the West. He increased nat’l forests and created the **US Forest Service** w/**Gifford Pinchot**, who advocated scientific management to prevent overuse.

– Then came the **Panic of 1907**, which forced TR into a compromise w/JP Morgan – in return for convincing financiers to stop dropping stocks, TR approved a deal for US steal to get a smaller company. But, during his last year in office, TR went against business again, and supported heavier taxation of the rich and stronger business regulation. **\*The Election of 1908 and Taft’s Presidency\*** – Instead of running again, Teddy supported **William Howard Taft** for the **Presidential Election of 1908** [TR was reelected in 1904, by the way]. B/c of TR’s popularity, Taft won, but landed in a difficult situation. – First, Taft moved to cut tariffs, but was blocked by Progressives, who felt the tariff benefited special interests. So, the cuts were restored in the **Payne-Aldrich Tariff** (1909), which *also* angered Progressives. – Basically, Taft was caught in the middle of a rift between the conservative and Progressive wings of the Republican Party. Not cool. – Then, when a group of Progressives challenged the conservative speaker, who controlled the legislative progress, Taft first supported and then abandoned them. He did, however, enlarge the Rules Committee, and therefore help the Progressives – but he pissed them off even more by firing conservationist Pinchot. – Basically, it would have stunk to be Taft. He did as much Progressive stuff as TR – he even busted more trusts, signed the **Mann-Elkins Act** (1910), which helped the ICC powers and supported labor reforms, and had the **Sixteenth** [income tax] and **Seventeenth** [direct election of Senators] **Amendments** passed. But b/c he was cautious and wasn’t good at sucking up to people and the press, he didn’t get a good reputation. **\*The Election of 1912 and Wilson’s Presidency\*** – When TR got back from Africa, he realized that his party had split into the **National Progressive Republican League** [La Follette] and the side that stayed loyal to Taft. Disappointed, he began speaking out, and eventually organized the **Bull Moose Party** [from the Progressives] when LF got sick. – Given that the Republicans had split, the Democrats knew they had a sure win, so they took their time and finally picked **Woodrow Wilson**, who won the election. Wilson and TR had two competing visions for the country, as follows:

* TR [New Nationalism] à Let’s have a new era where the gov’t coordinates and regulates the economy. Big business can stay, but let’s protect people through commissions of experts that will serve the interests of consumers.
* Wilson [New Freedom] à Let’s get rid of concentrated economic power altogether and make the marketplace open for competition. We won’t go back to *laissez-faire*, though; we’ll keep regulating it. But, no cooperation between business and gov’t. Based on **Louis Brandeis**.

– Actually, though, the philosophies were very similar: both supported equality of opportunity, conservation, fair wages, social improvement for all, and a strong involved gov’t. – So how was Wilson as President? Issues he dealt with included…

* *Anti-Trust Con’t* – Well, given that mergers had proceeded so far, he ended up settling w/expanding gov’t regulation w/the **Clayton Anti-Trust Act** (1914), which outlawed monopolistic practices, and a bill creating the **Federal Trade Commission** (1914), which could investigate companies and order them to stop unfair trade tactics.
* *Banking Regulation* – The **Federal Reserve Act** (1913) established another nat’l bank and district banks [regulated by the **Federal Reserve Board**] that would lend $ to member banks at rates that could be adjusted to increase/decrease the $ in circulation – loosen/tighten credit. Right before the war he also passed the **Federal Farm Loan Act**, which allowed $ to be lent at moderate interest to farmers.
* *Tariffs* – The **Underwood Tariff** (1913) encouraged imports [to help consumers] and instituted a graduated income tax on residents.
* *Labor* – The **Adamson Act** mandated an eight-hour-workday and overtime pay for RRD workers; Wilson also regulated child labor and provided workers’ compensation.

– Then there was the **Presidential Election of 1916**, in which Wilson ran w/his “He Kept Us Out of War” deal against Republican **Charles Hughes** and won. In his second term, regulation increased even more due to the war – the **War Industries Board**, for example. But after the war, regulation fell again. That’s all. OH MY GOSH, I’M REALLY TIRED NOW! How about you? Are you having fun or what?

***American Imperialism (1865 – 1914)***

**\*The Causes of American Imperialism\*** – Between the Civil War and WWI, American foreign policy reflected a nation of expansionists and imperialists – cultural, economic, and otherwise. Of course, the US was not alone in this course of action: Germany, Great Britain, Japan, and other powers acted no differently. – So, what led the US to undertake its imperialist ventures? Generally, e/t foreign policy is determined by an elite group of leaders [instead of more directly by the people, as most people don’t give a crap], it really ends up reflecting the domestic climate of the country. So, the most relevant causes are as follows…

* ECONOMICALLY there were three main factors:
  + *Foreign Trade* – The US reversed its unfavorable balance of trade for the first time in 1874 due increasing agricultural and manufacturing exports. Since the livelihood of Americans was subsequently connected to world conditions, the US needed to have a strong foothold as a world power to protect its trading interests.
  + *The Search for New Marketplaces* – The era was one of economic expansion, and most of the leaders felt that expansion should know no borders, and that the gov’t should help American entrepreneurs abroad by using US power.
  + *Economic “Safety Valve”* – In addition to the sheer profit motive from foreign sales, some feared [due to the crashes and such] that foreign commerce was needed as a *safety valve* to relieve economic woes like overproduction, etc.
* IDEOLOGICALLY & CULTURALLY there were several means of motivation/justification:
  + *American Exceptionalism/Manifest Destiny* – Americans have special qualities that make them, well, SPECIAL and deserving of taking over the world. Our values, our ideas…everything about us should be spread!
  + *Racism* ­– Other races aren’t capable of self-government! Only *we* are, so we should “help” them out. To heck w/diplomacy – they aren’t worthy.
  + *Social Darwinism* – And who says we shouldn’t reign triumphant? Darwin always said the best race would win out.
  + *Obsession with Masculinity* – Self-explanatory.
  + *Missionary/Civilizing Impulse* – In other words, the “nice” version of American Exceptionalism (the idea that we’re special). The missionaries just made it all godly and altruistic and everything, as many really believed that they were benefiting the people they subjugated b/c they were giving them “liberty” and “prosperity.”

– Enough of that. Now what the heck actually happened? **\*US Ambitions Abroad: 1860 – 1880\*** – The American empire grew slowly over time, prompted by leaders like **William H. Seward** [NY Senator, Secretary of State 1861 – 1869], who saw a huge US empire including Canada and surrounding islands. This empire, he thought, would come together naturally through gravitation towards the US and trade. – Some of Seward’s schemes included…

* *Virgin Islands* – He tried to buy them from Denmark in 1867, but the Senate and a hurricane prevented the purchase.
* *Samaná Bay Naval Base* – Attempt to get a base in the Dominican Republic, didn’t work.
* *Intervention in Mexico* – Using the Monroe Doctrine, Seward sent troops to the Mexican border in 1866 and got Napoleon III to abandon its puppet regime there.
* *Alaska* – In 1867 Seward bought resource-rich Alaska from Russia.
* *A Worldwide Communication System* – Due to the financier **Cyrus Field**, a transatlantic cable was built to link European and American telegraph networks. This network was then extended to Latin America as well.

– Other important trends in foreign policy under Seward & Fish [his successor]:

* *Anglo-American Rapprochement* – During this time GB and the US grew closer. Examples of this shocking new phenomenon include…
  + **The *Alabama* claims** – The *Alabama* and such ships were built for the Confederacy by GB. As they caused Union losses, the US demanded reparations, and the question was eventually resolved through a British tribunal that decided on the amount paid to the US.
  + **Open Sea Sealing** – Yeah, they made a treaty about seals. Wow.
  + **Samoa** – In 1878 the US gained rights to a coaling station in the port of Pago Pago. So, when GB & Germany tried to get into the action, the US got mad and told them to stay out, which got the Germans pissed. Tension grew until a three-part protectorate was decided on in 1889 [w/o asking the Samoans though] dividing the country into American Samoa and Western Samoa [Germany]. GB got islands instead.
* *Sino-American Problems* – In addition to having problems w/Germany, the US soon had issues w/China due to their hatred of US missionaries and business leaders. Chinese dislike of America was compounded by riots against Chinese immigrants in the west and suspension of Chinese immigration starting in the 1880s.
* *Increasing Influence in Latin America* – We held Pan-American conferences, let people tour our factories and sign trade treaties, founded the **Pan-American Union**, and humiliated countries like Chile when our drunk sailors got into fights w/their citizens (1891).

– Then there was the whole **New Navy** deal, as promoted by **Capt. Alfred T. Mahan** [*The Influence of Sea Power upon History (1890)*], which went along the lines of: let’s get a huge navy and lots of bases to protect our foreign trade. **\*Crises in the 1890s\*** – In the 1890s, expansionism expanded [very funny, right] due to the economic depression and the belief that the home frontier had closed. The main examples are…

* *Hawaii* – By the 1880s, Hawaii was already largely part of the US system due to the fact that the American elite owned most of the country and subordinated the economy to the US through duty-free sugar exports. This control culminated in the 1887 constitution, which gave foreigners the right to vote and shifted authority to the legislature. When the **McKinley Tariff of 1890** got rid of the duty-free sugar provision, the elite pressed for annexation – but Queen Lili’uokalani wanted to resist the power of the foreigners – so the elite formed the **Annexation Club** and took over by force in 1893. When Cleveland found out about what had occurred, he temporarily stopped the annexation process, but once Hawaii got attn. again during the SACFW [you’ll see] McKinley got it though as the **Newlands Resolution** [1898]. Hawaiians were given citizenship in 1900 and statehood in 1959.
* *Venezuela* – In 1895 Venezuela asked for US help regarding a border dispute w/GB. We gave the British a big lecture on leaving LA alone, and then in 1896 an Anglo-American board divided the territory up w/o consulting Venezuela.
* *Cuba* – Cuba had battled Spain for independence intermittently since 1868, and in **1895** another revolution led by **Jose Marti** broke out. As usual, the US had acquired strong economic interests in the region [one of the causes of the revolution was the **Wilson-Gorman Tariff**, which taxed their sugar, hurting the economy]. So when the revolution led to destruction of sugar fields and such, it killed trade, leading to US sympathy for Cuba (Spain’s brutal policies were another factor). Naturally the yellow journalists had a field day feeding war fever. The last straw was the accidental explosion of the US ship *Maine*, which journalists blamed on Spain, and a letter found by the NY Journal criticizing McKinley. McKinley then sent Spain an ultimatum – Spain made concessions – but McKinley went ahead and asked to use force anyway. So on **April 19, 1897** Congress declared Cuba free and allowed the use of authority to remove Spain. Though the **Teller Amendment** claimed we weren’t interested in annexation, McKinley still didn’t let us recognize the rebel gov’t [they might need US tutoring first].

– That, of course, leads to the… **\*The Spanish-American-Cuban-Filipino War [SACFW] and its Aftermath\*** – E/t Spain seemed somewhat ready to compromise, it pretty much wasn’t going to work out b/c the Cubans only wanted full independence, which Spain wasn’t going to give them at all and the US didn’t want so much either b/c the new gov’t might try to reduce our interests there. – Just to quickly recap – why were we interested in war? There were the *humanitarian concerns* about the Spanish policies, *business concerns* about commerce and US interests, general *imperialistic drives*, idealistic *social gospel* type ideas about saving others, and *sensationalism*. – Anyhow, the Spanish fleet was quickly destroyed by **Dewey** in the Philippines, and Spain suffered further problems due to the US blockade of the Cuban ports and the US attack on Puerto Rico. As a result, an armistice was signed on **August 12, 1898**. – The peace terms were then worked out in Paris [where else] in December: an independent Cuba, cession of the Philippines, PR & Guam to the US, and US payment in return. Imperialists rejoiced, of course, but there still was a very significant opposition. – Anti-imperialists included **Mark Twain**, **Bryan**, **Jane Addams**, **Carnegie**, and many more – some mentioned principles [like self-determination], others advocated the peaceful acquisition of markets, others pointed out the potential costs of maintaining empires, others felt it would undermine American racial purity, and union leaders worried the new immigrants could undercut American labor. – But the **Anti-Imperialist League** [launched November 1898] was ultimately unsuccessful due to domestic policy divisions between the participants, and the fact that the US had already annexed the islands. Still, imperialists responded w/the usual patriotic and economic arguments. And once the Filipinos started to resist, of course, we couldn’t pull back at the risk of looking cowardly. – The rebellion, led by **Emilio Aguinaldo**, broke out in January 1899 when Aguinaldo responded to his isolation from power by proclaiming an independent republic. The war was vicious on both sides and finally ended in 1906 – leaving the coast clear for an “Americanization” of the area. – In other words, the US subjugated the Philippine economy, passed a sedition act, and then vaguely promised independence once a “stable gov’t” was established [**Jones Act, 1916**]. Rule was finally ended following WWII. **\*American Involvement in Asia\*** – 1895 also brought the *Sino-Japanese War*, which the Japanese won, intensifying the general obsession w/carving China up into spheres of influence. The US, however, wanted to keep them out as much as possible to protect US commerce and missionaries. – Hence the **Open Door** policy – equal trade opportunity. The other powers weren’t too thrilled; even after the Boxer Rebellion, which the US helped put down, a second Open Door policy note went for the most part unnoticed. For the US, though, the use of the policy was a big deal b/c it was to stay a major part of FP for years to come as an instrument for opening, and then dominating, markets. – Anyhow, the new power in Asia was Japan, esp. following the *Russo-Japanese War*. Concessions were made in the *Taft-Katsura Agreement* [Japanese hegemony over Korea in return for US Philippines] and the *Root-Takahira Agreement* [Japan Manchuria for US Open Door]. – Taft believed he could stop the Japanese by using **dollar diplomacy**, which required the use of private funds for investment in order to further diplomatic goals – so he built a RRD in China, but that didn’t help, esp. due to the bad treatment of Japanese citizens living in the US [segregation, discrimination, restrictions on immigration]. The Japanese insisted on power over all China d. WWI, and the US couldn’t do anything… **\*Latin America Redux\*** – After the SACFW, the US continued to assert its hegemony throughout Latin America. For instance:

* *Cuba [again]* – Soon enough, the “pacification” part of the **Teller Amendment** was used to justify US control, and troops stayed until 1902. The US also imposed the **Platt Amendment** (1903 – 1934) on Cuba, which forced all treaties to go through the US first and granted the US the right to intervene to preserve independence and domestic order. Troops returned intermittently as a result of protests of the PA, which gave Cuba no independence at all.
* *Puerto Rico* – Taken under the Treaty of Paris [SACFW], PR was quickly disillusioned about their new rulers, as the US was condescending and obnoxious.
* *Panama* – Inspired by the Suez canal, US businessmen, politicians, diplomats, and navy guys all decided they wanted one too. Although the Clayton-Bulwer Treaty (1850) provided joint control w/GB, the British pulled out in the **Hay-Pauncefote Treaty** (1901). To get the canal built, TR then incited a rebellion to form Panama in 1903 – Panama gave the US a canal zone w/LT rights [Columbia eventually got $ b/c the US screwed it over] – so the canal was begun, to be completed in 1914.

– **Roosevelt Corollary** [to Monroe Doctrine] – Added in 1904, this section warned LA to stabilize politics and finances, and made the US “an international police power.” This allowed for frequent US interventions [troops, etc.] in LA up to 1917. – US-Mexico Relations – Up until 1910, dictator **Diaz** recruited US investors and so on, but once he was kicked out, the revolutionaries attempted to end Mexico’s economic dependency on the US. – One last point: As for Europe – the US stayed out of their entanglements, and they stayed out of Latin America, for the most part. Until WWI…

***World War I (1914 – 1920)***

**\*The Outbreak of War and American Neutrality\*** – To make a long story short: WWI started on the long-term b/c of competition w/regard to trade, colonies, allies, and arms, especially between the two main alliances, the **Triple Alliance** [Germany, Austria-Hungary, Italy] and the **Triple Entente** [Great Britain, France, Russia]. – On the short term, it started b/c of a bunch of silly blunders set off by the assassination of the heir to the A-H throne by the Serbian terrorist group the **Black Hand** in Sarajevo on **June 28, 1914**. This got a bunch of powers pissed off and resulted in the German declaration of war on **August 1** and…but this is not EHAP… – So what did we do? Wilson began by issuing a proclamation of neutrality. But neutrality, so to speak, was easier said that done, for several reasons:

* *Ethnic Diversity* – People took sides according to their nat’l origins: Germans w/the Germans, Irish w/the Germans [they hated the British], British w/the British, and so on.
* *Economic Ties* – The US and Britain had big time trading/banking links, and since international law allowed for trade of both contraband and n/c materials between neutral and belligerent nations, it was up to Germany to stop trade through a blockade or something. Wilson opposed the trade at first, but ended up conceding as it was essential to US economic health.
* *Ideological Similarities* – Wilson also favored Britain b/c he believed that British supremacy gave his principles more of a chance. **Wilsonianism** consisted of traditional American ideals [democracy, Open Door], internationalism, and American exceptionalism – i.e. US as world leader in an era of capitalism, democracy [self-determination and the destruction of empires were big factors too] and diplomacy.

– Wilson **still** didn’t want to go to war, and attempted to preserve neutrality – for a while… **\*Wilson’s Decision for War\*** – First, a series of events got Wilson and co. to start considering the question…

* *Lusitania* incident – In May 1915 the British passenger liner *Lusitania* was sunk by a British submarine, killing 128 Americans. \*Note: The Germans HAD issued a warning that British vessels could be destroyed, but nobody listened.
* Bryan’s resignation – Bryan suggested that Americans be forbidden from traveling on belligerent ships and that contraband not be allowed on passenger vessels, but Wilson disagreed and insisted the Germans stop their sub warfare [he claimed it wasn’t a double standard b/c the Germans were taking lives, not property]. Bryan resigned in protest, and **Robert Lansing** [pro-Allied] took his place.
* *Gore-McLemore Resolution* – After the sinking of the *Arabic* in early 1916 Congress debated this resolution, which would have prohibited Americans from traveling on armed merchant vessels or ships w/contraband. But, the resolution was eventually killed off.
* *Sussex* incident – Another U-boat attack led Wilson to threaten Berlin w/the severance of diplomatic relations. The Germans promised not to do it again.

– Not everyone, of course, went along w/the pro-war position. Anti-war groups included the: **Woman’s Peace Party**, **American Union against Militarism** [pacifist Progressives], **Carnegie Endowment for Internat’l Peace** [Carnegie & Ford were both anti-war] and the Socialist party. – The anti-war advocates were big on the fact that war: (1) kills young people, (2) fosters repression, (3) is not moral [no kidding] and (3) lets business moguls make big $ at expense of the little guys. – In 1916, in fact, even Wilson claimed to be anti-war, running [and winning] the **Presidential Election of 1916** on a promise to keep out of the conflict. In early 1917, he tried one last time to bring peace via a conference table, but it didn’t work. – The straw(s) that broke the camel’s back – the two major short-term causes were:

* Germany started unrestricted sub warfare, gambling that it could wipe out the Allies before the US could bring troops across to Europe.
* The **Zimmerman Telegram** was intercepted in February 1917. The telegram asked Mexico to join an alliance against the US in exchange for help recovering territories lost in the Mexican-American war. Naturally, this didn’t go over too well w/Wilson, and it went over even less well with the press once it was released.

– Wilson first asked for “armed neutrality,” but anti-war Senators filibustered the bill out, so Wilson ended up calling Congress into special session on **April 2, 1917**. After naming US grievances [violation of freedom of the seas, disruption of commerce, the Mexico deal, etc.], Wilson finally got his declaration of war passed. So, brimming w/idealism [Wilson planned to reform the world], we entered WWI on **April 6**. **\*Winning the War\*** – E/t anti-war Senators had tried to prevent it the US had been getting ready for war even before it was declared through acts like the **National Defense Act of 1916** and the **Navy Act of 1916**, which provided for the largest naval expansion in US history. – After the declaration of war, Congress passed the **Selective Service Act**, requiring all males between 21 and 30 (changed to 18 and 45 later) to register. Critics felt the measure would lead to excessive militarism, but supporters countered that it would lead to good, healthy patriotism. – Most draftees were white, poorly-educated Americans in their early 20s – some African Americans signed up and were assigned to segregated units [they faced a lot of discrimination in the army too] and Native Americans joined as well. There were some draft evaders, and many filed in as conscientious-objectors. – American organizations like the Commission on Training Camp Activities, etc. attempted to keep soldiers healthy and moral during the war, but soldiers faced trench warfare, poison gas, and the horrors of the new weapons technology. – Still, Americans managed to turn the tide against the Germans, esp. after the Allied victory in July 1918 at the **Second Battle of the Marne**, which was followed by a huge Allied offense that forced Germany into an armistice on **November 11, 1918**. **\*America on the Home Front: Economic Change\*** – E/t the US wasn’t at war for long, the war [temporarily] created a vastly different society in which the gov’t spend a lot more money and exercised more control over the economy. Several important economic developments resulted from WWI war production, as follows:

* *Business-Government Cooperation* – The war ushered in a new era of business/gov’t cooperation. Early on, the gov’t relied on industrial committees for advice on purchases/prices, but after they turned out to be corrupt in July 1917, the **War Industries Board** replaced them. Still, the WIB worked closely w/corporations, and big business grew due to the suspension of antitrust laws and gov’t-industry contracts.
* *New Gov’t Economic Agencies* – As follows:
  + **War Industries Board** – Headed by **Bernard Baruch**, the WIB coordinated the nat’l economy by making purchases, allocating supplies, and fixing prices. It also ordered the standardization of goods. Not all-powerful, though, b/c there had to be lots of compromising w/the big corporations.
  + **Food Administration** – Led by **Herbert Hoover**, the FA had voluntary programs [like the “victory gardens”] and other duties, like setting prices and regulating distribution.
  + **RRD Administration** & **Fuel Administration** – Regulated their respective industries, fuel administration rationed gasoline as well.
* *Boom Years for Farmers and Industry* – One of the positive results of war production was that it allowed farmers to get mechanized [due to high demand and high prices] and led to great growth in some industries.
* *Errors & Fuel Shortages* – On the negative side, there were mistakes made due to the hectic pace of production and distribution, and there was a severe coal shortage which left many w/o heat in 1917-1918.
* *Inflation* – Increased buying [more demand than supply], liberal credit policies, and the setting of prices on raw materials rather than on finished products led to skyrocketing prices.
* *New Tax Policies* – To pay for the war, taxes went up through laws like the **Revenue Act of 1916** [raised tax on high incomes and corporate profits, added tax on large estates, and increased the tax on munitions manufacturers] and the **War Revenue Act of 1917** [more income and corporate taxes]. **Liberty Bonds** also contributed to gov’t incomes.
* *Labor Shortage* – Unemployment basically vanished and wages increased [though the costs of living did too]. People rushed into the cities and into manufacturing jobs. As a result of the shortage, strikes were strongly discouraged, and the **National War Labor Board** was established in 1918 to coordinate management and unions. The AFL joined the NWLB, but the Socialists and IWW members still continued to agitate.
* *Women in the Work Force ­*– Women temporarily took over many male-dominated professions. Similarly, black women were able to take jobs formerly reserved to white women. After the war, however, women were displaced back into the home.
* *African American Migration to the Cities* – New opportunities also appeared for blacks, and male blacks rushed into the cities to take advantage of them, regardless of the discrimination that persisted. This resulted in race riots through the “Red Summer” of 1919.

– So, economically, the war brought increased gov’t involvement and a temporary boom in industry. **\*America on the Home Front: Civil Liberties\*** – As soon as the war began, the gov’t also instituted control of rather a different sort – control of speech, and the limiting of civil liberties. Anyone who refused to support the war faced repression from the gov’t, and the issue of free speech was seen as a question of policy for the first time. For example, there was the…

* *Committee on Public Information* – Headed by Progressive journalist **George Creel**, the CPI set about the making of propaganda through posters, films, pamphlets, speeches, and so on.
* *Espionage Act (1917)* – The EA forbade “false statements” against the draft or the military, and banned anti-war mails.
* *Sedition Act (1918)* – The SA made it illegal to obstruct the sale of war bonds and to use nasty language against the gov’t, Constitution, flag, or uniform. It was very vague, and allowed for plenty of gov’t intimidation.
* *Imprisonment of Socialists* – As a result of the new acts, IWW members and Socialists faced major problems. For example, **Eugene V. Debs**, the leader of the Socialist Party, was arrested for speaking about the freedom to criticize the gov’t.
* *Spread of Vigilante Organizations* – Some people thought they would help out by…umm…helping get rid of unpatriotic people or bullying them into buying Liberty Loans and such. These organizations included the **Sedition Slammers** and **American Defense Society**.

– These steps led to a questioning of the whole free speech thing – CO **Roger Baldwin** founded the **Civil Liberties Bureau** to defend people accused under the E/S Acts and redefined free speech as something separate from the identity of the speaker. – Two important SC cases also dealt w/the new developments: *Schenck v. US (1919)*, in which **Holmes** upheld the EA by using the whole fire in a movie theater argument [if there is a “clear and present” danger free speech should be restricted], and *Abrams v. US (1919)* in which the SA was also upheld [but this time Holmes and Brandeis dissented]. **\*The American Reaction to the Bolshevik Revolution: Labor Strikes and the Red Scare\*** – Almost as a continuation of the suppression of civil liberties that occurred during the war, Americans continued to oppress radicals following the Bolshevik Revolution in 1917 – they worried about Bolshevism in the country, and resented Russia as a result of its separate peace w/Germany after the revolution. – In fact, Wilson despised the Russians so much that he even fought an undeclared war against Lenin and co. by sending military expeditions to “guard Allied supplies and rescue Czechs” in Siberia. He also refused to recognize the Bolsheviks, sent arms to their opponents, and economically blockaded Russia. – At home, of course, unemployment and the post-war recession contributed to anti-radical sentiment as well. In 1919, a series of labor strikes [think Boston police strike and so on, not anything that was actually radical] and an incident with mail bombs on May 1 led to the **Red Scare**. – A steel strike partially led by an IWW member only made things worse by allowing leaders to label the strike a conspiracy by foreign radicals, which was not the case as the American left was actually badly split between the Communist Labor Party and the Communist Party. – Consequently, anti-radical elements like the **American Legion** joined with Wilson’s attorney general **A. Mitchell Palmer**, who was appointed as head of the Radical Division of the Dept. of Justice, in chasing down supposed Reds. This climaxed in the January 1920 with the **Palmer Raids** – gov’t agents broke in to meeting halls and homes w/o warrants and arrested lots of people. – The anti-red activities were regarded as anti-Constitutional by many civil libertarians, and even conservatives turned against Palmer when he asked for a peacetime sedition act. But e/t Palmer’s activities stopped for the most part in 1920, American radicalism had suffered big time. **\*America and the Postwar World\*** – During the whole Red Scare deal, Wilson actually was more into internat’l relations than anything else. He began by announcing his **Fourteen Points**, which included self-determination, freedom of the seas, lower tariffs, arms reduction, open diplomacy, blah, blah, blah…and the **League of Nations**. – It was a nice idea and all, but when Wilson arrived in Paris in December 1918 for the Peace Conference, he had already screwed himself over in several ways – by being cocky and by not bringing any Republican Senators with him [the Republicans had swept the Congressional elections]. Another problem he faced was the fact that the other allies – France, Britain and Italy – wanted to see Germany majorily punished. – So, at Versailles, the Big Four met secretly, and came out w/a treaty that included the dreaded war guilt clause and huge payments for Germany. Also, it placed German/Turkish colonies under the control of other imperial nations [that was self-determination I guess] and made new democracies in Eastern Europe. – As for the key part, the charter for the **League of Nations**, Wilson came up w/a council of 5 permanent members [and some elected delegates from other states], an assembly of all members, and a world court. Most importantly, there was **Article 10**, a collective security provision, which made members promise to protect e/o’s territorial integrity against aggressors. Germany was forced to sign, but it still wasn’t all good… – This was b/c there was strong opposition to the treaty at home, where Senators [and others] felt that the Versailles’ Treaty didn’t protect US interests enough, and that Article 10 was going to get the country stuck in a ton of foreign entanglements. Charges of hypocrisy were also rampant, as Wilson’s points hadn’t really been included in the Treaty. – There were two camps of opposition, basically: the *Irreconcilables* (no treaty, no way) and the *Reservationists* (yes, but make changes first). Senator Henry Cabot Lodge was one of those urging slight amendments to the charter, esp. making it so that Congress had to approve obligations under Article 10. – In response to the opposition, Wilson went on a speaking tour and pretty much out-talked himself, leading to a massive stroke. The Senate continued to reject the Treaty – Wilson refused to compromise – and so it never passed. The US eventually made a separate treaty w/Germany instead. – So – the point of this episode? Basically, that Americans still wanted to stick to nonalignment over collective action. As a new world power – the leading economic power, first in world trade, first in banking, and so on – we wanted to stay away from potential entanglements. – The disappointment about the Treaty also did two opposing things: increase the peace movement and appeals for arms control, and lead to a better trained more professional military. But the bottom line is that maybe b/c of US non-support (or at least somewhat b/c of it) the internat’l system after the war was crap. – Russians were pissed b/c people tried to rain on their parade – I mean, revolution; Germans were annoyed at the reparations, the Eastern European states weren’t doing so good, and there were many nat’list uprisings from the good to the bad to the downright ugly. Stay tuned for the ongoing saga…

***The Roaring Twenties (1920 – 1929)***

**\*Economic Trends\*** – The economy is perhaps the most important aspect of the 1920s [so if you don’t read the rest read this part]. Here are some of the economic characteristics of the era:

* *Initial Recession Followed by Recovery* – Following the end of the war, as demand dropped and soldiers returned looking for jobs, the economy faltered. Farmers were hit especially hard w/the return of worldwide competition. But w/new inventions and such, recovery was rapid, except for the farmers, who faced continued hard times.
* *A Retreat From Regulation* – After the war, the regulatory institutions were quickly dismantled (the ones that remained cooperated more than regulated), and the SC & Presidents went pro-business again. Some SC cases included:
  + *Coronado Coal Co. v. United Mine Workers* (1922) – Striking unions were deemed in restraint of trade.
  + *Maple Floor Association v. US* (1929) – Anti-union groups ruled NOT to be in restraint of trade.
  + Regulations on child labor and a minimum wage law for women were also overturned.
* *Corporate Consolidation* – No regulation? Great! Let’s make big mega companies!
* *Lobbying* – There was also consolidation in special interest groups – professional associations and such – which resulted in the “new lobbying” where organizations sent reps to Washington to try to convince legislators to support their cause(s).
* *Rampant Materialism* – New products! Cars! Radios! Advertising! More purchasing power for the average individual due to technological breakthroughs! The new products even benefited the lower classes, as cities were electrified, indoor plumbing spread, and mass produced clothing and food became more affordable.
* *Hard Times For Labor* – In addition to the SC rulings, public opinion turned against strikers, corporations caught onto “welfare capitalism” [pensions, profit sharing, company events], and legislators ruled that open shops [which discriminated against union members] were allowed.

**\*The Presidents and Political Trends\*** – Basically, the 1920s Presidents were all pro-business Republicans. More specifically, they were as follows:

* **Warren G. Harding** (1920 – 1923) à Harding was elected in 1920 on the slogan of “A Return to Normalcy” or something like that. His administration favored *laissez-faire* business and also streamlined federal spending [**Budget and Accounting Act**] and assisted farms through liberalizing credit. The main problem w/Harding was **corruption**, culminating in the **1923 Teapot Dome** scandal, which revealed that the Secretary of Interior had accepted bribes to give gov’t property to oil companies. Harding died in office in 1923.
* **Calvin Coolidge** (1923 – 1924, 1924 – 1928) à “Silent Cal” took over after Harding died and was then reelected in 1924 by running on “Coolidge prosperity.” Overall, Coolidge and co. didn’t do diddly squat while in power, other than reduce debt, cut taxes, build roads, and stop the gov’t from interfering w/business.
* **Herbert Hoover** (1928 – 1932) à Hoover won against Democrat **Alfred E. Smith** [who is noteworthy as the first Catholic candidate and builder of part of the New Deal Coalition – i.e. he got the urban immigrants voting Democratic] and then proceeded to keep the cooperation between business and gov’t going strong. Everything was going great, until a slight problem came up: The Great Depression. But that’s to be continued…

– Anyway, following Coolidge’s reelection, many began to claim that Progressivism had indeed died out. On a nat’l level, it had. But remember…there was still reform going on at state & local levels – stuff like workers’ compensation, pensions, welfare, and [in cities] planning and zoning commissions. – Some reformers also tacked Indian affairs, as Indians were still being treated as minorities expected to assimilate [e/t the Dawes Act had failed in accomplishing that goal]. Citizenship was finally granted to Indians in 1924, and the Bureau of Indian Affairs was reorganized [not great effect though]. – Women also had achieved more a share in politics w/the **Nineteenth Amendment** (1920), which gave them suffrage – nevertheless, women were mainly kept out of power with the exception of organizations they founded themselves [League of Women Votes, National Woman’s Party]. **\*Social Trends\*** – Some noteworthy characteristics are as follows…

* *Urbanization* – With consumerism and modernization there came a migration to the cities, where manufacturing jobs were more readily available.
* *Great Migration and Discrimination* – African Americans, especially, moved into the cities, where they were forced to squeeze into tiny sectors due to discrimination. This led to movements glorifying black racial pride/independence – like the UNIA led by **Marcus Garvey**, which was influential in the early 1920s before it was shut down for anarchism.
* *Mexican/Puerto Rican Immigration* – Mexican immigrants crowded into districts in the Southwest, and PR’s moved mainly to NYC. In both places, they created their own communities that maintained their cultures.
* *Suburbia* – The car made Americans take to the roads, and to the suburbs, which increasingly resisted annexation to the cities.
* *Increasing Life Expectancy/Decreasing Birth Rate* – People lived longer due to better nutrition and sanitation, and they had fewer kids.
* *Pensions* – As mentioned earlier, old age pensions were an issue during the twenties due to people living longer. Though some felt people should just save in their youth, reformers began to win out on the state level.
* *New Appliances* – There were fewer servants, so women managed the household on their own with the aid of the new electrical appliances.
* *Employment for Women* – Women continued to go into the work force, but sex segregation continued. More minority women worked than white women, as their husbands were more commonly unemployed or in low paying jobs.
* *New Values* – Them shockin’ young people! Smoking, drinking, swearing, and openness about sex began to become fashionable in the cities. Dear me. Then of course there was the **flapper**, and the new more assertive woman.

– Out of all this, perhaps the most important thing to remember: The movement towards the suburbs and cities [as well as the radio] helped the new mass culture spread. With that… **\*Cultural Trends: Popular and Otherwise\*** – The 1920s witnessed the birth of a new mass culture and more leisure time for Americans. New forms of entertainment and culture included:

* *Movies* – Silent film, then sound with *The Jazz Singer*. Most movies were escapist fantasies, and people flocked to see the hot new movie stars like Clara Bow, Rudolph Valentino, Greta Garbo – okay, this is NOT supposed to be about that!
* *Sports* – With mass culture came a loss of individuality, so people looked to sports figures as representatives of the triumph of the unique individual. “Lucky Lindy” is another example of this type of hero-worship.
* *Prohibition or Lack Thereof* – People still drank in speakeasies and such, and all the Eighteenth Amendment did was give gangsters like **Al Capone** tremendous power.

– As for literature and the arts…

* *The Lost Generation* – Gotta love **F. Scott Fitzgerald** [my favorite writer, not that you care] and his cronies like **Hemingway**, etc. Faced w/materialism and conformity, many writers went abroad during the 1920s and wrote about America from afar. Others stayed, but still spoke about the same themes: alienation, hypocrisy, conformity, and so on.
* *Harlem Renaissance* – Blacks flocked to Harlem, where they established a vibrant artistic community that celebrated black culture. A big issue for intellectuals in the HR was identity.
* *Jazz* – A major part of the Harlem Renaissance was Jazz, which owed a lot to black culture and music. Jazz was a huge hit in the cities, and helped the recording industry greatly.
* *Innovative Art/Music* – The twenties were very creative, and many artists attempted new styles, like **Georgia O’Keefe** in painting, **Aaron Copland** and **George Gershwin** in music, and **Frank Lloyd Wright** and his “prairie-style houses” in architecture.

**\*The Conservative Reaction\*** – The new ideas quickly proceeded to scare the crap out of many older, rural Americans. This lead to a reaction, as illustrated by the:

* *Return of the KKK* – In 1915, the KKK was reestablished as an organization that not only targeted blacks, but also Catholics, Jews, immigrants, and so forth. “Native white Protestant supremacy” basically sums up their motives, which they used vigilante justice, terror, and political pressure to achieve.
* *Intolerance/Racism* – In general, this was a big problem, as exemplified by **Madison Grant**’s book *The Passing of the Great Race* (1916).
* *Immigration Quotas* – In addition to racism, there was the ever present concern about lower wages and unemployment. Laws included:
  + *Quota (Johnson) Act* (1921) – Immigration of a given nationality can’t exceed 3% per year of the immigrants in the nation from that nationality in 1910. This hurt immigrants from southern/eastern Europe.
  + *Immigration (Johnson-Reid) Act* (1924) – 2% of each nationality from 1890, and a total limit for all nationalities.
  + *National Origins Act* (1929) – New quotas in proportion to the origins of American people in 1920.
* *Fear of Immigrants & Radicalism* – The big example here is the **Sacco-Vanzetti Case**, in which two Italian immigrants [anarchists, too] were convicted of murder w/o real evidence. Appeals and protests failed, and they were executed in 1927.
* *Fundamentalism* – People freaked at the new materialism, and ran to their Bibles, which they decided to interpret literally. This led to clashes with science, most memorably in the **Scopes Trial**, where a teacher was tried for teaching evolution to students, which was illegal in his state. Bryan took the prosecution, and civil liberties lawyers led by **Clarence Darrow** took the defense. Scopes was convicted, but Bryan and co. came out looking pretty foolish [though this didn’t stop them from continuing to pass restrictions on teaching evolution. Okay, stop studying now and go watch *Inherit the Wind*!
* *Revivalism* – Using advertising and the radio, preachers spread emotional religious messages across the country. Civic organizations also grew stronger.

– So that’s that – the twenties as a battleground between the new mass culture and the reactionary elements. No, it was, really!

***The Great Depression (1929 – 1941)***

**\*Causes of the Great Depression\*** – On **October 24, 1929** (“Black Thursday”) there was an initial panic, which was rescued by a bunch of bankers who bought stocks to bring the prices back up. Once the news got out, though, there was another crash, on **October 29** (“Black Tuesday”). Why did it happen? Several reasons:

* *Overproduction/Underconsumption* – Basically, companies expanded to such a degree that they had to keep producing more and cutting wages in order to keep their profits up. By cutting wages, however, they reduced purchasing power and thus limited the amount of goods they sold, so there was all this extra stuff lying around causing problems for companies.
* *Corporate Debt* – Companies overextended themselves and lied about their assets to get loans, which got the banking system all screwed up.
* *Speculation* – Ah, does this sound familiar? In addition to heavy investment by companies, people were buying on margin (put a down payment on stocks w/o having the money to pay the full amount, then buy more stocks on the profits), so when people tried to sell what they had bought on margin to minimize their losses prices collapsed and brokers were put into big trouble since they didn’t actually have the $ to pay people with.
* *Lack of Recovery in Farming* – Farmers never recovered from the post-war recession, as they faced a return of foreign competition and were often unable to repay their debts.
* *Internat’l Problems* – Following the war the US upped tariffs, which caused Europeans to stop buying our goods.
* *Gov’t Policies* – The gov’t followed very *lassiez-faire* policies w/easy credit and low discount rates, which stimulated the speculation mania.

– Then, as the 1930s began, things just seemed to get worse and worse, as banks collapsed, people lost their money and jobs, and “Hoovervilles” formed in major cities. Farm prices dropped even more, and entire families ended up leaving their homes in search of better times. **\*Hoover’s Response\*** – Poor **Herbert Hoover** was the guy who got stuck w/dealing w/the result of a decade of crazed speculation. At first, urged by Secretary of the Treasury **Andrew Mellon**, he did nothing, assuming it was just a natural boom-and-bust thing and that welfare would undermine American individualism. – As things worsened, however, Hoover began to ask for promises from companies not to lower wages and ask for public works projects from state governors. Additionally, he created some new institutions (to varying results) as follows: