

Chapters: 21 and 22

Sections: all and 2

- I. Industrial Growth
 - A. New Industrial Products and Services
 - B. High Standard of Living
 - C. Great Fortunes
 - D. Growth of Cities
 - E. World Markets
 - F. Economic Problems
- II. Corporations and Business Consolidation
 - A. Old Forms of Business Organization
 - 1. Single Proprietorships
 - 2. Partnerships
 - 3. Advantages of Single Ownership
 - 4. Disadvantage of Single Ownership
 - B. Corporation
 - 1. Definition
 - 2. State Regulation
 - C. Advantages of Incorporation
 - 1. Securing Capital
 - 2. Limited Liability
 - 3. Transferability of Shares
 - 4. Perpetual Life
 - D. Disadvantage of Incorporation
 - 1. A State Entity
 - 2. Double Taxation
 - 3. Lack of Personal Contact
 - E. Monopoly
 - 1. Definition
 - 2. Forms of
 - F. Monopolistic Practices: Illegal Today
 - 1. Pool
 - 2. Trust
 - G. Business Consolidation: Legal Today
 - 1. Holding Company
 - 2. Interlocking Directorate
 - 3. Merger
 - H. Advantages of Big Business
 - 1. Mass Production
 - 2. Wide Distribution
 - 3. Efficient Management
 - I. Abuses by Big Business
 - 1. Elimination of Competition
 - 2. Power over the Consumer
 - 3. Exploitation of Workers
 - 4. Influence over Government

III. Phases of the Business Cycle

- A. Prosperity
- B. Recession
- C. Depression
- D. Recovery

IV. Post- World War I Era (1921-33)

A. Economic Developments

1. "Golden Twenties" -- following a brief depression (1920-21)
 - a. Corporations grow with investments and mergers
 - b. There were new business opportunity -- automobiles, chemicals, radio, and movies
 - c. Output and profits increased and the American economy enjoyed prosperity
2. Flaws in the Business Boom -- some industries did not flourish, the "sick" industries included: coal mining, textiles, agriculture, and railroads.
 - a. Purchasing power did not rise substantially enough to absorb the abundant amount of goods being produced
 - b. Many Americans were seeking "get rich quick," and were speculating excessively on real estate and the stock market
3. Great Depression (1929)
 - a. values of stocks fell abruptly
 - b. banks began to foreclose on loans, most based on speculation
 - c. all factors of the business cycle slumped
 - d. 1929 vs. Other Depressions -- notes
 - e. Depth of the Depression -- notes
 - f. New Deal -- notes

B. Social Developments

1. New Nativism -- apart of the "Red Scare" (1918-1920) a new activism arose which had an anti-foreign flavor, the most notorious of these groups was the Ku Klux Klan.
 - a. spread bigotry v. minority groups: foreigners, Blacks, Catholics and Jews
 - b. their influence declined in the 1920s because they favored lawlessness, corruption and intolerance.
2. Prohibition Era -- the 18th Amendment (1919) created nationwide prohibition
 - a. had the opposite effect on society
 - b. created profitable opportunities for criminal syndicates
 - c. fostered alliances between gangsters and corrupt politicians
 - d. repealed in 1933 with the 21st Amendment
3. American Idealism -- during the "Golden Twenties" Americans lost the social concern characteristic of the Progressive Era

C. Political Developments

1. Democratic Party -- Lost three successive elections: 1920, 1924, 1928
2. Republican Party -- Won three successive elections: 1920, 1924, and 1928

V. Harding Administration (1921-23)

A. Election of 1920

1. Cox -- gains democratic nomination and campaigns using the League of Nations as national referendum issue (Wilson)
2. Harding -- chosen by a group of political bosses in a smoke filled room and was known as a "dark horse" candidate, Harding dealt with the League issue evasively but promised a "return to normalcy"

B. Harding and a Return to Normalcy

1. Introduction -- was a easygoing man but had limited understanding of national problems and ignored the reforms of the Progressive Era.

2. Less Government -- reduce federal spending and limit Presidential powers
 3. Pro-Business -- higher tariffs, lower taxes, and inactivity by government regulatory agencies
 4. Foreign Policy -- foreign policy leaned toward isolationism
- C. Scandal at the National Level -- Harding surrounded himself with unscrupulous men
1. Charles Forbes -- head of Veterans Bureau, pocketed millions through various shady deals (sentenced to prison)
 2. Harry Daugherty -- Attorney General, gained substantial kickbacks following the rigged sale of government property (hung jury, committed suicide)
 3. Albert Fall -- Sec. of the Interior, secretly gave private businessmen liberal leases to government oil reserves at Elk Hills, Calif. and Teapot Dome, WY. He was to receive "loans" and gifts (jail)
- D. Harding Dies -- 1923, is succeeded by his Vice President -- Calvin Coolidge
- E. Important Domestic Legislation
1. Emergency Quota Act -- severely restricted immigration
 2. Veterans Bureau Act -- created a single agency to administer veterans' benefits
 3. Fordney-McCumber Tariff Act -- provided for high tariffs
- F. Significant Foreign Affairs
1. Return to Isolation -- Harding's election meant a rejection of the League of Nations; we arranged a separate treaty with Germany.
 2. Washington Conference -- notes
- VI. Coolidge Administration (1923-29)
- A. Major Political and Economic Aspects
1. Calvin Coolidge: Background -- Governor of Mass. 1918, used the National Guard to maintain order during the Boston Police strike (public safety), "cleaned house" after Harding scandal.
 2. Election of 1924
 - a. Coolidge vs. Davis -- Republicans gave their nomination to Coolidge and urged the nation to "keep cool with Coolidge", the Democrats choose conservative lawyer John Davis the "dark horse", the Progressives nominated Senator Robert La Follette of Wisconsin.
 - b. Campaigning -- La Follette was the only candidate who proposed reforms like: aid for farmers, fair handling of labor disputes, nationalizing RR and waterpower, and a higher income tax.
 3. Business Administration -- notes
- B. Important Domestic Legislation
1. Immigration Act (1924) -- tightened immigration restrictions passed those of previous laws
 2. Soldiers' Bonus Act (1924) -- passed over a presidential veto, provided World War I veterans with paid in full life insurance policies
- C. Significant Foreign Affairs -- Kellogg-Briand Pact (Pact of Paris), signed by 60 nations and outlawed war
- VII. Hoover Administration (1929-33)
- A. Election of 1928 -- Coolidge chooses not to run
1. Candidates -- Republican choose Herbert Hoover, a dry and a successful businessman wanted to fight poverty -- the Democrats choose Alfred Smith, a self-made man who had provided for a humane state government
 2. Campaigns -- the two main issues were prohibition and the fact that Smith was a Catholic and over sectional politics.
 3. Results of

- B. Hoover: Background and Views
 - 1. Previous Jobs -- Stanford, a mining engineer, self-made millionaire, he directed the food relief programs after WW I, and was Sec. of Commerce for Coolidge.
 - 2. "Rugged Individualism" -- favor a laissez-faire approach to big business, also believed in high tariffs and reducing taxes
- C. Efforts to Combat the Depression -- Began in 1929
 - 1. Request of Business -- business should maintain employment, wages, and capital investment, but they couldn't because of the business cycle
 - 2. Federal Spending -- increased money for federal public works programs
- D. Hoover Rejects Measures to Combat the Depression
 - 1. Opposed direct federal relief to the unemployed
 - 2. Refused to expand public works projects
 - 3. Refused to give veteran the insurance
- E. Important Domestic Legislation
 - 1. Agricultural Marketing Act (1929) -- tried to raise farm prices by establishing a Federal Farm Board with funds to purchase surplus produce
 - 2. Hawley-Smoot Tariff Act (1930) -- raised tariffs to the highest level ever
 - 3. Reconstruction Finance Corporation (1932) -- established the RFC to make loans primarily to distressed railroads, life insurance companies and banks.
- F. Significant Foreign Affairs – Notes
 - 1. Improving Relations with Latin America
 - 2. Furthering Naval Disarmament
 - 3. Japanese Aggression