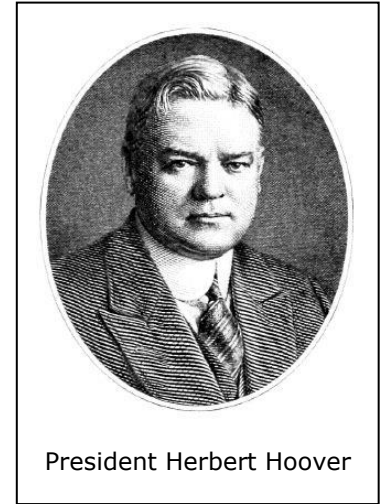


Seventy-Second Congress

Dec. 7, 1931 - Mar. 3, 1933

Administration of Herbert Hoover

Historical Background.....	1
War or Peace?	2
Economic Trends and Conditions.....	4
Landmark U.S. Supreme Court Decisions.....	5
Constitutional Amendments.....	6
1931 Events.....	6
1932 Events.....	7
Major Acts.....	8



Historical Background

Although Hoover took a series of swift and unprecedented actions to revive the Nation's economy following the stock market crash of October 1929, his efforts to right the economy proved inadequate. The most important of the Hoover proposals, the Reconstruction Finance Corporation Act of January 1932, authorized the RFC to lend money to railroads, banks, agricultural agencies, industry, and commerce. During the first years of its existence, the RFC came to the aid of over 7000 banks and trust companies, to the tune of \$3.5 billion. Loans to mortgage-loans companies amounted to some \$300 million and to insurance companies another \$100 million.

Advances of some \$700 million to railroads enabled many of them to refinance their outstanding obligations and greatly improve their facilities. Loans to industry totaled over \$100 million, and to agriculture, in one form or another, \$2.5 billion. Altogether, authorizations and commitment of the RFC, including advances to other Government agencies and disbursements for relief, came to more than \$11 billion. Many of these loans, especially those extended to banks in 1932, merely put off the day of reckoning and gave little effective help to those who really needed it.

Looking for further expansion of credit, Congress passed the Glass-Steagall Act of February 27, 1932, which was designed to counteract the contraction of credit due to foreign withdrawals and the domestic hoarding of gold and currency. To extend the scope and functions of the RFC, the Relief and Construction Act, which became law on July 21, provided the basis for expending RFC funds on public works and programs looking to the relief of economic distress.

Seeking to reduce the number of mortgage foreclosures, to stimulate residential construction (thereby increasing employment), and to encourage home ownership, Congress approved the Federal Home Loan Bank Act of

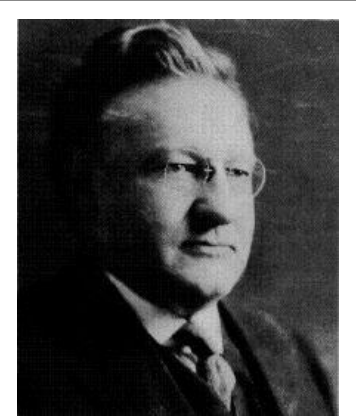
House	Senate
Majority Party: Republican (218 seats)	Majority Party: Republican (48 seats)
Minority Party: Democrat (216 seats)	Minority Party: Democrat (47 seats)
Other Parties: Farmer-Labor (1 seat)	Other Parties: Farmer-Labor (1 seat)
Speaker of the House: John Nance Garner	Majority Leader: James E. Watson

July 1932, creating a series of discount banks providing discount facilities to homeowners similar to those provided the commercial interests by the Federal Reserve Board.

The 72nd Congress completed discussions on the Twentieth and Twenty-First Amendments to the Constitution and sent them to the States for their approval. With the completion of the ratification process in January and December of 1933, respectively, inauguration day was changed from March 4 to January 20 and the Eighteenth (prohibition) Amendment was repealed.

Source:

Dell, Christopher and Stephen W. Stathis. [Major Acts of Congress and Treaties Approved by the Senate, 1789-1980](#). Government Division (CRS), Sept. 1, 1982. 97th Congress, 2nd Session, 82-156 GOV. ProQuest Congressional, CRS-1982-GOV-0005



Senate Majority Leader
James E. Watson

War or Peace?

Armaments Limitations

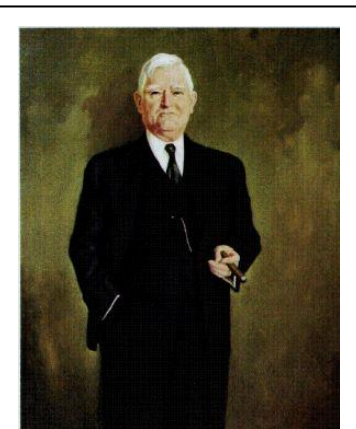
In 1931 the United States is at peace while maintaining the Army and Navy at a high state of efficiency. During this time President Hoover is also looking forward to 1932 and the scheduled conference for the limitation of armaments between the League of Nations states and the U.S. During his 1931 State of the Union address, he expressed hope that an agreement could be reached which would eliminate competitive building. He argued that “establishment of relative strength in itself offers opportunity for further reduction without injury to any” naval powers.

Japanese Imperialism and the Stimson Doctrine

Abroad, however, political unrest was growing as a continued result of World War I. In 1932 the international Conference for the Reduction and Limitation of Armaments began in Geneva. By this time, however, the economic situation in both the U.S. and across Europe was becoming critical.

In the Far East, the state of peace in the world received a serious blow when, on September 18, 1931, near the Manchurian city of Mukden (present day Shenyang), Japanese Imperial Army Lieutenant Suemori Kawamoto planted dynamite adjacent to a Japanese owned railroad. The ensuing explosion, which was so weak that it failed even to destroy the rail line, was blamed on Chinese dissidents by the Japanese Imperial Army, who then used the incident as a pretext for a full invasion of Manchuria.

After the invasion, the Japanese military moved swiftly to separate the area referred to as “Manchuria” from the rest of China and, in February 1932, the independent republic of Manchukuo was declared. Secretary of State Henry L. Stimson, recognizing that this unilateral action placed U.S. treaty arrangements in jeopardy, argued to the Japanese and Chinese that the United States would not recognize any alterations in international borders that resulted from military action. This policy, which has been only selectively followed over the years, has been dubbed the “Stimson Doctrine,”



Speaker of the House
John Nance Garner

and would become an important rhetorical tool in the U.S. foreign policy arsenal.

Rise of the Nazi Party

In Germany, the global depression had a potentiating effect on the economic fallout caused by the debilitating war reparations required under the Treaty of Versailles. As inflation turned to hyperinflation, the failure of the traditional political parties to stem the crisis sent voters looking for political leaders with radical ideas. In this climate, the political program of the National Socialist German Workers' Party (Nazi Party) found an increasingly receptive audience. The party's message was a simple one: blame for the current economic crisis lay squarely with communists and Jewish financiers. And this simple message was effectively articulated by the party's autocratic leader, Adolf Hitler. In addition to his prodigious gifts as an orator, Hitler and the Nazi Party's propaganda operation, spearheaded by Hitler loyalist Joseph Goebbels, had a keen understanding of the power of the emergent mass media to reach a broad audience with a simple, but powerful message.

The Nazis had their greatest electoral success to date in the 1930 Reichstag (legislature) elections, garnering over 18% of the vote, making them the second largest party in the legislative body. In the March 1932 election, Hitler contested the Presidency against the wildly popular war hero incumbent Paul von Hindenburg, commanding 30.1% of the vote in the first round and 36.8% in the second. Then, in the July 1932 Reichstag elections, the Nazis commanded 37.4% of vote, making them the largest party in the legislature by a comfortable margin. However, as the Communist Party was the next largest bloc in the Reichstag, combined with the Nazis controlling 52% of the seats, it was impossible to cobble together a governing coalition. To address this impasse, German Chancellor Franz von Papen called another election in November of that year, but the result was the same, with the Nazis and Communists together holding a majority of seats. As the other major parties seemed more concerned with stopping one another than with opposing Hitler and the Nazis, President Hindenburg decided the safest move was to appoint Hitler as Reich Chancellor, while giving the Nazis only a minority of cabinet posts, which he thought would serve as a check on Hitler's power.

Sources:

Hoover, Herbert. [*Message of the President of the United States Communicated to the Two Houses of Congress at the Beginning of the First Session of the Seventy-Second Congress, 1931.*](#) House, Dec. 8, 1931. 72nd Congress, 1st Session, H.doc.1 (Pr31.1:931). ProQuest Congressional, 9549 H.doc.1

Hoover, Herbert. [*Message of the President of the United States Communicated to the Two Houses of Congress at the Beginning of the Second Session of the Seventy-Second Congress, 1932.*](#) House, Dec. 6, 1932. 72nd Congress, 2nd Session, H.doc.401 (Pr31.1:932). ProQuest Congressional, 9681 H.doc.401

Economic Trends and Conditions

As the economic crisis worsened in Europe throughout 1931 and 1932, the instability of the region only served to exacerbate the economic situation at home. Apprehensions of an economic collapse in Germany and central Europe demoralized the U.S. agricultural and security markets, raising the specter of a deepening of the crisis. President Hoover argued for the “necessity of cooperation on our part to relieve the people of Germany in the imminent disasters and to maintain their important relations to the progress and stability in the world.” Hoping to forestall the global financial crisis, the Federal government, under the Hoover Moratorium of June 1931, acted to postpone the payment reparations by Germany and other international governmental debts. However, the unprecedented global economic depression only deepened during the 72nd Congress.

Domestically, unemployment continued its increase while market values slid further. In 1931, the unemployment rate in the United States reached 15.9 percent and by 1932 it had risen to 23.6 percent. The 72nd Congress actively approved legislation aimed at bolstering the varying sectors of the economy hoping to mitigate the deepening crisis. In January 1932, Congress enacted the Reconstruction Finance Corporation Act, which created the eponymous Corporation as a lending agency with authority to issue tax exempt bonds and extend credit. The Reconstruction Finance Corporation was designed to provide emergency financing for banking institutions, life insurance companies, farm mortgage associations, building and loan corporations, railroads, and other businesses. The following February saw the approval of the Glass-Steagall Act, which authorized the sale of \$750 million of the Federal government’s substantial gold holdings to provide ready money for industrial and other commercial needs, and granted the Federal Reserve system greater flexibility in discounting commercial paper. The Federal Home Loan Bank Act, enacted in July 1932, established a five-member Home Loan Bank Board to charter and supervise Federal savings and loan banks, and created a series of discount banks for home mortgages that provided for home owners a service similar to that performed for commercial interests by the Federal Reserve discount facilities.

As an anecdotal measure of the dire straits of this historical moment, the Dow Jones Industrial Average reached its lowest point in history on July 8, 1932, bottoming out at an abyssal 41.22 points. During his 1932 State of the Union address Hoover continued to try to restore confidence in the American people, however, popular opinion by this point was beginning to consider his measures too little, too late.

Sources:

Hoover, Herbert. [*Message of the President of the United States Communicated to the Two Houses of Congress at the Beginning of the First Session of the Seventy-Second Congress, 1931.*](#) House, Dec. 8, 1931. 72nd Congress, 1st Session, H.doc.1 (Pr31.1:931). ProQuest Congressional, 9549 H.doc.1

Hoover, Herbert. [*Message of the President of the United States Communicated to the Two Houses of Congress at the Beginning of the Second Session of the Seventy-Second Congress, 1932.*](#) House, Dec. 6, 1932. 72nd Congress, 2nd Session, H.doc.401 (Pr31.1:932). ProQuest Congressional, 9681 H.doc.401

Morton, Rogers Clark Ballard. [*House Documents, Vol. 22-2, Historical Statistics of U.S. Parts 1 and 2, Colonial Times to 1970.*](#) House, Jan. 1, 1976. 93rd Congress, 1st Session, H.Doc. 93-78. ProQuest Congressional, 13051-2 H.doc.78

Landmark U.S. Supreme Court Decisions

United States v. Sprague, holding that Congress has the authority to decide how constitutional amendments will be ratified in accordance with the options provided in Article Five, 282 U.S. 716 (1931)

McBoyle v. United States, holding that the court held that since the National Motor Vehicle Theft Act did not specify aircraft, it did not apply to aircraft, 283 U.S. 25 (1931)

Stromberg v. California, holding that States cannot infringe on the First Amendment right to freedom of speech and expression and found California's statute banning red flags unconstitutional, 283 U.S. 359 (1931)

Near v. Minnesota, holding that a Minnesota law which imposed permanent injunctions against the publication of newspapers with malicious, scandalous, and defamatory content violated the First Amendment, as applied to the states by the Fourteenth; roundly rejected prior restraints on publications, 283 U.S. 697 (1931)

Blockburger v. United States, sets standards in preventing double jeopardy. Holding that the same act or transaction constitutes a violation of two distinct statutory provisions, the test to be applied to determine whether there are two offenses or only one is whether each provision requires proof of an additional fact which the other does not, 284 U.S. 299 (1932)

Blackmer v. United States, holding that International law and the 5th Amendment recognizes a state's right to retain jurisdiction over its citizens while abroad, 284 U.S. 421 (1932)

Nixon v. Condon, holding that the all-White Democratic Party primaries in the state of Texas were unconstitutional, 286 U.S. 73 (1932)

Powell v. Alabama, holding that a criminal defendant's right to legal representation is fundamental to the right to a fair trial and that the Fourteenth Amendment to the Constitution enjoined the states to guarantee the rights stipulated by the Sixth Amendment, 287 U.S. 45 (1932)

Sources:

Costello. George A. and Johnny H. Killian. [*Constitution of the United States of America, Analysis and Interpretation.*](#) Senate, Jan. 1, 1996. 103rd Congress, 1st Session, S. Doc. 103-6. ProQuest Congressional, 14152 S.doc.6

Constitutional Amendments

Twentieth Amendment (Lame Duck Amendment). Provided Congress would convene each year at noon on January 2, and that the terms of President and Vice President would end at noon on January 20. Also specified that the Vice President elect would succeed to the Presidency if the President-elect should die before being inaugurated. Approved Mar. 2, 1932. Ratified Jan. 23, 1933. ([47 Stat. 745](#))

Twenty-First Amendment. Repealed the Eighteenth Amendment to the Constitution, ending Prohibition in the United States and thereby legalizing once again the manufacture, sale and transportation of alcoholic liquors everywhere in the Union except in those States, counties, and municipalities where the act was forbidden by State, county, or municipal law. Approved Feb. 30, 1933. Ratified Dec. 5, 1933. ([47 Stat. 1625](#))

Source:

Dell, Christopher and Stephen W. Stathis. [Major Acts of Congress and Treaties Approved by the Senate, 1789-1980](#). Government Division (CRS), Sept. 1, 1982. 97th Congress, 2nd Session, 82-156 GOV. ProQuest Congressional, CRS-1982-GOV-0005

1931 Events

- **Mar. 3:** [‘The Star-Spangled Banner’ is adopted as the United States National anthem](#)
- **Mar. 5:** The British viceroy of India and Mohandas Gandhi sign the Gandhi–Irwin Pact
- **Mar. 17:** Nevada legalizes gambling
- **Mar. 25:** [The Scottsboro Boys are arrested in Alabama and charged with rape](#)
- **May 1:** Construction of the Empire State Building is completed in New York City
- **May 11:** *The Creditanstalt*, Austria's largest bank, goes bankrupt, beginning the banking collapse in Central Europe that causes a worldwide financial meltdown
- **June 19:** [President Herbert Hoover issues the Hoover Moratorium in an attempt to stop the world financial crisis](#)
- **Sep. 18:** *Mukden Incident* - [Japanese military Lt. Suemori Kawamoto staged an explosion near railways lines owned by the Japanese South Manchuria Railway, near Mukden, in Manchurian China, as a pretext for a full Japanese invasion of Manchuria](#)
- **Oct. 17:** [American gangster Al Capone is sentenced to 11 years in prison for tax evasion in Chicago](#)
- **Nov. 7:** The Chinese Soviet Republic is proclaimed by Mao Zedong
- **Dec. 31:** Statute of Westminster creates the British Commonwealth of Nations, including Australia, Canada, Irish Free State, Newfoundland, New Zealand, and South Africa

1932 Events

- **Jan. 12:** [Hattie W. Caraway becomes the first woman elected to the U.S. Senate](#)
- **Jan. 30:** *Brave New World* by Aldous Huxley first published
- **Feb. 25:** [Weimer Republic - Adolf Hitler obtains German citizenship by naturalization, allowing him to run in the 1932 election for Reichspräsident](#)
- **Apr. 10:** *Weimer Republic* - [Paul von Hindenburg is elected president of Germany](#)
- **Apr. 14:** John Cockcroft and Ernest Walton focus a proton beam on lithium and split its nucleus
- **May 12:** Ten weeks after his abduction, the infant son of Charles Lindbergh is found dead just a few miles from the Lindberghs' home
- **May 15:** In reaction to the ratification of the London Naval Treaty, an attempted coup occurs in Japan (May 15 Incident), leading to the assassination of Japanese Prime Minister Tsuyoshi Inukai
- **June 15:** Bolivia attacks Pitiantuia, Paraguay beginning the Chaco War
- **July 8:** The Dow Jones Industrial Average reaches its lowest level of the Great Depression, bottoming out at 41.22
- **July 28:** [President Hoover orders the forcible eviction the Bonus Army of World War I veterans gathered in D.C.](#)
- **Dec. 27:** *Radio City Music Hall* opens in New York City

Sources:

["An Act To make The Star-Spangled Banner the national anthem of the United States of America."](#) (46 Stat. 1508, Chap. 436; Mar. 3, 1931). ProQuest Congressional

Committee on the Judiciary, Senate. [Nomination of James H. Wilkerson. Part 2.](#) GPO, Mar. 1, 3, 8, 1932. 72nd Congress, 1st Session, S373-7-B (Y4.J89/2:W65/pt.2). ProQuest Congressional, HRG-1932-SJS-0003

Dole, Robert Joseph. [Historical Almanac of the U.S. Senate.](#) Senate, Jan. 1, 1989. 100th Congress, 2nd Session, S. Doc. 100-35 (Y1.1/3:100-35). ProQuest Congressional, 13850 S.doc.35

["Filipinos Denounce Independence Bill."](#) Congressional Record, 72nd Congress, 2nd Session (Dec. 27, 1932) Vol. 76, pp. 990-999. ProQuest Congressional, CR-1932-1227

["The Foreign Debts and Demand for Terms and Conditions of Moratorium Granted Under Hoover."](#) Congressional Record, 74th Congress, 2nd Session (June 19, 1936) Vol. 80, pp. 10088-10093. ProQuest Congressional, CR-1936-0619

[Foreign relations of the United States. Diplomatic papers, 1932.](#) Department of State, Dec. 6, 1932. 72nd Congress, 2nd Session, H.doc.426 (S1.1:932/v.2). ProQuest Congressional, 9683-2 H.doc.426

[Manchuria, report of Commission of Enquiry appointed by League of Nations \[...\].](#) Secretary, Department of State, GPO. Jan. 1, 1932. Far Eastern Series No. 2; State Dept. Pub. No. 378 (S1.38:2) ProQuest Congressional, S1.38-2

["Scottsboro Boys."](#) Congressional Record Daily Edition, 113th Congress, 1st Session (May 14, 2013) Vol. 159, p. H2578. ProQuest Congressional, 159 Cong Rec H 2578

Major Acts

Reconstruction Finance Corporation Act. Created a Government lending agency, the Reconstruction Finance Corporation, with the authority to issue tax exempt bonds and wide powers to extend credit. The RFC was to begin with \$500 million in capital and authorized to borrow an additional \$1.5 billion by issuing tax exempt bonds. Designed to provide emergency financing for banking institutions, life insurance companies, farm mortgage associations, building and loan corporations, railroads, and other businesses. Also was empowered to subscribe the capital for government-owned corporations. Approved Jan. 22, 1932. ([47 Stat. 5, Chap. 8; PL72-2](#))

Glass-Steagall Act. Authorized the sale of \$750 million worth of the Government's huge gold supply for industrial and business needs and allowed the Federal Reserve System more flexibility in discounting commercial paper. Approved Feb. 27, 1932. ([47 Stat. 56, Chap. 58; PL72-44](#))

Norris-LaGuardia Act. Prohibited Federal courts from issuing injunctions against non-violent labor actions and banned so-called "yellow-dog contracts," in which an agreement not to join a labor union is a condition of employment. Approved Mar. 23, 1932. ([47 Stat. 70, Chap. 90; PL72-65](#))

Revenue Act of 1932. Raised tax rates across the board, including a raise in the top income tax rate from 25 to 63 percent, and doubled the estate tax in an effort to make up for revenue shortfalls caused by the deepening economic depression, though it chiefly served to exacerbate the nation's economic woes. Approved June 6, 1932. ([47 Stat. 169, Chap. 209; PL72-154](#))

Kidnapping Act. Responding to the kidnapping of aviator Charles Lindbergh's toddler son, the Federal Kidnapping Act empowered Federal law enforcement officials to pursue kidnapping suspects once they'd crossed state lines. Approved June 22, 1932. ([47 Stat. 326, Chap. 271; PL72-189](#))

Emergency Relief and Construction Act of 1932. Extended the scope and functions of the Reconstruction Finance Corporation and authorized it to incur a total indebtedness of \$3 billion and to provide \$1.5 billion in loans for the construction by State and local agencies of public works of a self-liquidating character; and to furnish \$100 million in temporary loans to States unable to finance the relief of economic distress. Approved July 21, 1932. ([47 Stat. 709, Chap. 520; PL72-302](#))

Federal Home Loan Bank Act. Established a 5 member Home Loan Bank Board and created a series of discount banks for home mortgages that provided for home owners a service similar to that performed for commercial interests by the Federal Reserve discount facilities. Authorized the establishment of 8 to 12 banks set up in different parts of the country with a total capital of \$125 million to discount home loans for building and loan associations, savings banks, and insurance companies. Approved July 22, 1932. ([47 Stat. 725, Chap. 522; PL72-304](#))

Source:

Dell, Christopher and Stephen W. Stathis. [*Major Acts of Congress and Treaties Approved by the Senate, 1789-1980*](#). Government Division (CRS), Sept. 1, 1982. 97th Congress, 2nd Session, 82-156 GOV. ProQuest Congressional, CRS-1982-GOV-0005

Copyright©2018, ProQuest LLC. All rights reserved.