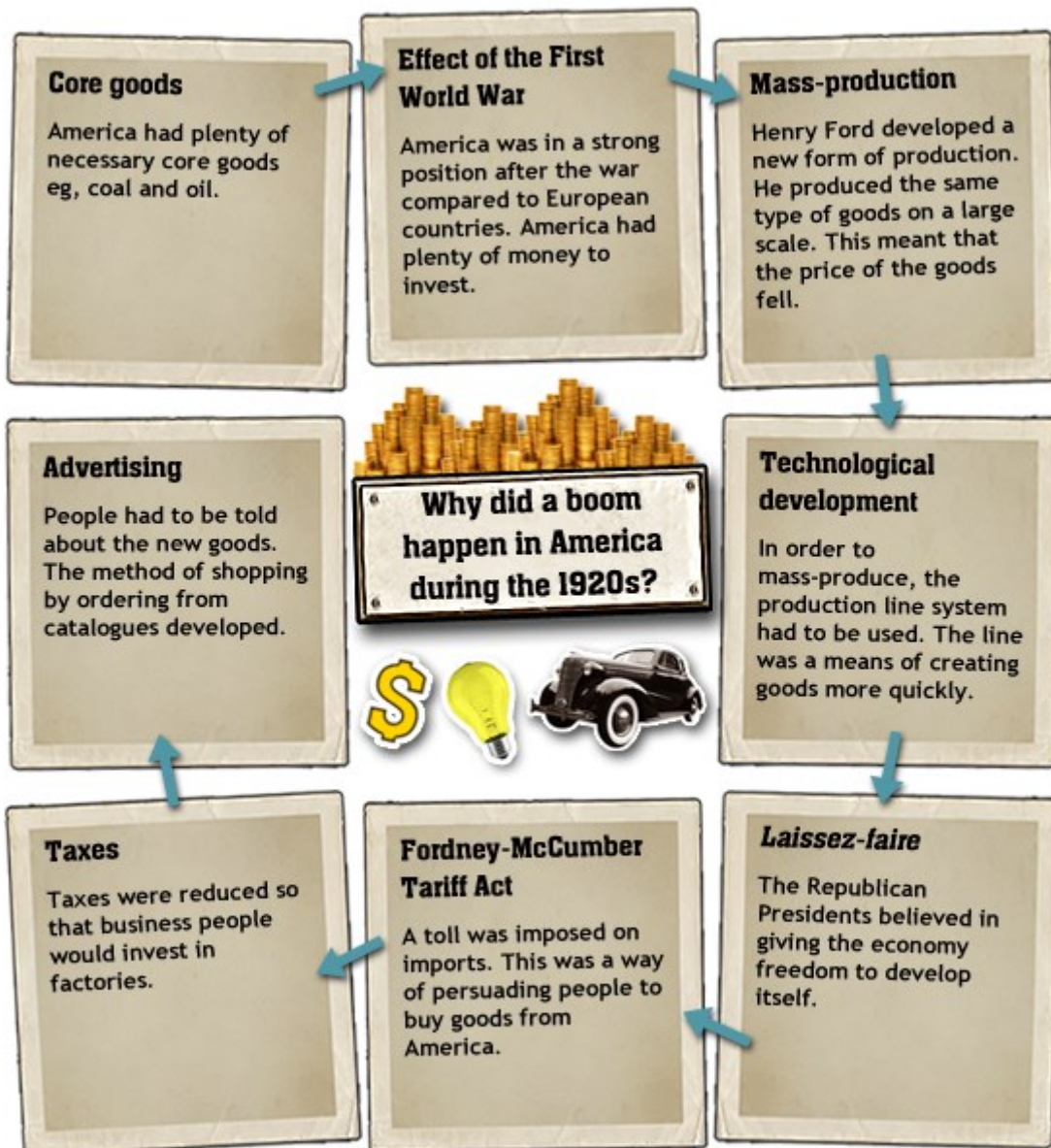
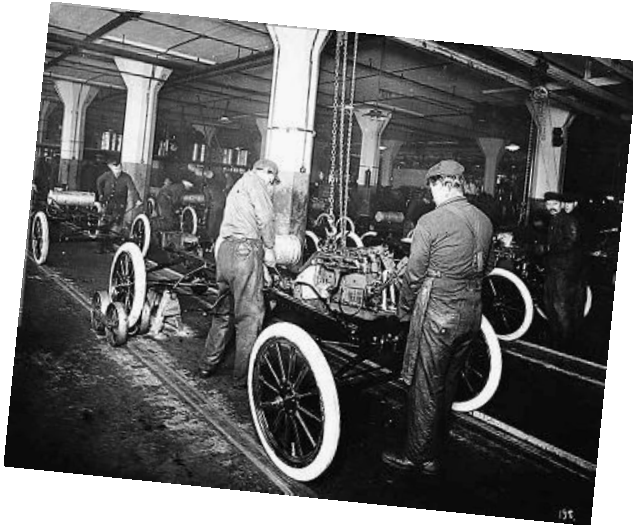
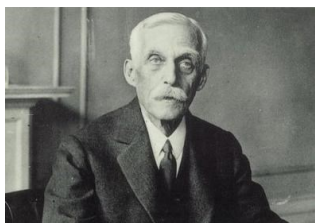


How far did the U.S economy boom in the 1920s?



1. What caused the economic boom during the 1920s?

The economic boom was a period of time following the end of WWI where many ordinary working Americans saw their living standards improve significantly. A new Republican government allowed businesses freedom with their **Laissez-Faire** (hands off) approach. Business was booming (see why below) and this was supported by heavy **advertising** on the radio and using **billboards**, putting the idea that people may want something into their head. Also, the pressure to **'keep up'** with your neighbours helped drive the boom.



Key cause of boom	Explanation	Links
1. New Industries	New technologies meant that more consumer goods (things people want to buy) such as washing machines, refrigerators, radios and vacuum cleaners were being developed. This, along with rising wages, stable prices and hire purchase meant sales were high. The car industry was the most successful. Overall, total industrial output in the USA rose by 50% during the 1920s.	2, 5
2. Rising wages and stable or lower prices	Wages rose by about 25% on average throughout the 1920s. This, in addition to new production techniques like the assembly line , meant that the cost of goods for people got lower. Things like cars were cheaper to produce by using mass production techniques and could be sold at a lower price. For example, the Model-T cost \$850 in 1908, but by 1924 the car only cost \$260 to buy. Also, food prices were very low due to overproduction .	1, 5
3. Government policies	During the 20s the American economy was managed by the Secretary of the Treasury, Andrew Mellon . He cut taxes on businesses so that they had more money to invest in themselves and other businesses. He also approved the Fordney-McCumber Tariff Act of 1922 , which raised tariffs (taxes) on goods being imported to America. The aim was to get American people to 'buy American', keeping jobs and businesses open. However, as industry overproduced they found it difficult to sell their things abroad because other countries began to tariff/tax American goods (a double edged sword!).	1, 5, 6
4. Weak workers' unions	Unions were seen as a bad thing by the Republicans, an obstacle to business. They gave business owners the right to not employ union members, use violence to break up strikes and also overlook other mistreatment of workers. This meant the bosses kept wages lower than they should have and kept working hours long.	6
5. Hire purchase	Ordinary people could 'buy now and pay later' by using hire purchase. They would pay a deposit (say for a car) and then pay off the remaining owed amount in weekly or monthly instalments. Businesses were trying to get people to take this type of credit, because they could calculate a regular income for themselves AND the banks made money too for providing the credit.	1, 2, 3, 6
6. The USA's wealth	The USA was an urbanising country during the 20s, with over 50% of people living in towns and cities. They had huge amounts of natural resources like coal, iron ore and oil as well as lots of good farming land. They also had a huge immigrant workforce who had to accept low wages in agriculture. WWI had transformed much of America from agriculture to industry and the allies were repaying America for their help.	ALL

2. Why did the 'new' industries prosper while the 'old' industries and agriculture did not?



Type of industry	Winner or loser and why?
<p>Household consumer goods: This category includes things like fridges, ovens, washing machines, radios and any other product that people could use in their homes which benefit their lifestyle. Upgrading was a regular thing.</p>	<p>Winners: This industry did really well because most people thought they needed these products, were in unspoken competition with neighbours, had some spare money OR hire purchase and the prospect of rising wages.</p>
<p>Car industry: Ford and other companies were doing really well. They used mass production (producing a lot at a low cost per car) and the assembly line meant that, using a conveyor belt system, each worker was doing one job much faster rather than putting the entire car together themselves. This led to the 'man hours' needed to put one together to drop from 12.5 hours to 1.5 hours, reducing labour costs!</p>	<p>Winners: The production methods described were revolutionary and meant that Ford (and other companies) could sell cars for a lower price, but sell millions more to ordinary hard working American families. Not many people could have afforded the Model T before the 1920s, but 15 million had been sold by 1927. Hire purchase helped people afford them too.</p>
<p>Traditional (old) industries: Some established industries that had driven the war effort such as coal, shipbuilding and textiles stagnated or dropped during the 1920s</p> <div data-bbox="453 1361 692 1518" style="text-align: center;"> </div>	<p>Losers: Coal: Less coal was used because electricity and oil were now used for heating and WWI had ended, so exports dropped. Ship building: Many military ships were converted after the war to cargo ships and few new ones were needed Textiles: Many factories in the North shut, as the South had cheaper workers. Also, new artificial fibres were being developed which didn't need the same production techniques.</p>
<p>Agriculture: The farming sector in America had been used to producing a LOT of food during WWI to export to Europe, however, with the war ended they were overproducing, leading to a surplus (too much of something). There was a huge difference in wages between farming and those working in industry, with farm workers getting paid over 60% less, but with prices so low the farm owners couldn't pay their workers any higher.</p> <div data-bbox="485 1906 703 2069" style="text-align: center;"> </div>	<p>Losers: As food prices collapsed, so did wages in farming. This meant that many workers migrated looking for work whilst the farmers themselves took out loans in the hope prices would go back up eventually. The prices did not and over 1/3rd of farmers lost their farms to the banks because they couldn't repay their loans. Sharecroppers (farm workers mostly paid in food) saw the value of what they were paid become almost worthless. Also, they lived on the farm accommodation provided by the owner, so many lost their homes too! Not only this, but pests called boll-weevil were responsible for killing various crops and ruining harvests.</p>

3. Did all Americans benefit from the boom?

Hey, I am Terry the fruit farmer. There is a demand for fresh, sweet fruits for people to eat with their breakfasts and throughout the day, as well as making different juices. I hear my other farming buddies are doing terribly, but my business is BOOMING great...



Terry the fruit farmer needs to shut his mouth, most of us 'real farmers' growing wheat and grain (stuff that actually feeds people properly!!) are suffering man. My family has farmed this land on the great plains for over 150 years and now I reckon we're going to have to leave! The bank is badgering us for money we don't have.

I am envious of those grain farmers, at least they have a lifestyle worth trying to save. As a black farm worker here in the South, I regularly face discrimination, racism and get paid a fraction of what the white farmers get—we're lucky if we get paid in money. However, it could be worse!



As a native Indian we have experienced only terrible treatment from the white man. My tribe, which had existed freely in the buffalo rich lands of America for thousands of years, is now locked in a Reservation (camp) where we can barely scrape a living from this infertile land. We can't leave either, even though some of us are nearing starvation. At least the black farmers can always move North!

Wise Bear, that native Indian chief is right. I moved North due to the terrible conditions for us in the agricultural South. I still face discrimination up here and less pay than many white workers, but at least I am working in an industrial job where it is perfectly possible to make a good living and have a comfortable life.



As a typical construction worker I am building skyscrapers year after year. I am not rich, but can generally afford a good lifestyle. I bought a car the other week on hire purchase and give my new industry friends a lift to work. My aim is to become as rich as my boss who owns this company. He barely has to lift a finger whilst we slave away to make him all of the profits, and the joke of it is he just made this company with money he made from investing. Maybe if I speculate on the stock market I'll make a load of money and hit the big time!

Hahaha, sorry I can hardly speak because of all this money getting in the way. These people buying and borrowing are helping drive industry forward and make us (the banks and stock brokers) a LOT of money. We buy whatever we want for cash and don't end up paying interest on hire purchase like those other fools. Our money is building up so fast that we can hardly count it all. Maybe we'll invest the extra in the stock market?!



Benefit		Did not benefit	
Fruit farmers	Speculators / investors in stock market	Most farm owners	Black people in agriculture
Black people moving North for industrial jobs	Banks	Workers in old industries	Native Indians
Worker in new industries	Business owners	Sharecroppers	

PART 5: TOP 15 QUIZ

1. How much did industrial output increase by in the USA during the 1920s?
2. How much did the price of the Model-T Ford drop by between 1908 and 1924?
3. Calculate this drop as a percentage
4. What is the Fordney McCumber Tariff Act of 1922?
5. Who was Andrew Mellon and what did he do?
6. Explain two links between causes of the boom
7. Why did 'man hours' drop in relation to the Model T and other consumer goods?
8. What are sharecroppers
9. How are sharecroppers and farmers connected?
10. What is a 'surplus'
11. Why was agriculture overproducing in the USA?
12. How would this cause prices of food to drop?
13. What proportion of farmers lost their farms?
14. List 3 old industries
15. Choose 2 types of people who benefit from the boom and 2 types who didn't. For each you need to explain why.

EXAM QUESTIONS: USA Economic Boom

DESCRIBE:

What problems faced older, more established industries in the 1920s? (4 marks)

What benefits did the First World War bring to the American economy? (4 marks)

Describe the Republican government's economic policies in the 1920s (4 marks)

EXPLAIN:

Explain why many farmers did not share in the economic prosperity of the 1920s (6 marks)

Explain why some American people did not benefit from the economic boom (6 marks)

Explain how mass production worked (6 marks)

EVALUATE:

'Hire purchase was the most important reason for the economic boom in the USA.'
How far do you agree with this statement? Explain your answer (10 marks)

To what extent was the economic boom of the 1920s caused by new methods of production? Explain your answer (10 marks)

'The expansion of the automobile industry contributed more than any other factor to the economic boom of the 1920s.' How far do you agree with this statement? (10 marks)