

USA

The Roaring Twenties

Key aspects to this unit

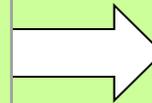
- How did the US become more prosperous?
- Did everyone benefit from this prosperity?
- What were the key government policies which enabled this?
- Why did the US become more isolationist?
- What were the key social changes - focusing on women/Blacks/Crime/urban and rural - which occurred?
- What were the causes of the Great Depression?

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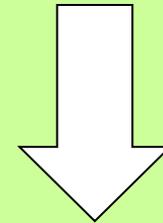
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PROSPERITY IN THE USA IN THE 1920S

GOODS	FIGURES OF SALES IN 1919*	FIGURES OF SALES IN 1929*	% INCREASE OF SALES
CARS	9 million	26 million	289%
TELEPHONES	10 million	20 million	100%
RADIOS	60,000	10 million	1667%



In just ten years there was a huge increase in production. It has been called the '**SECOND INDUSTRIAL REVOLUTION**'. It was a boom in CONSUMER GOODS, that is goods, which people bought and used themselves.



As historians we must ask the question **WHY DID THE US ECONOMY BOOM IN THE 1920s?**

On what factors was the economic boom based?

1. First World War
2. US Foreign Policy
3. USA's wealth
4. New industries
5. Rising wages and stable prices
6. Government policies
7. Hire purchase
8. Weak Unions

1. First World War

- The USA had only entered the war in 1917 and had no damages to repair since the war was fought on European soil.
- The USA had made a lot of money by selling weapons and arms to the European Allies.
- While the European countries were busy fighting, the USA took over many of their colonial markets.
- The USA's chemical industry replaced the German industry as world leader producing explosives, fertilisers, dyes and plastics.
- During the war, America had become the 'banker to the rest of the world'. According to the First World War Foreign Debts Commission, Britain, France and Italy owed the US \$22 billion plus interest!!!!

2. Isolationism

- Following the war, the US proposed changes in international affairs – Wilson’s 14 points and the Treaty of Versailles.
- These were roundly ignored by France and Britain as these countries would have much to lose had all proposals been adopted.
- Unhappy at this, the US failed to ratify the treaty, the Republicans were elected and they began a new direction in foreign policy – ISOLATIONISM. This means that US interests were firmly put first and new rules were brought in to ensure this – Tariffs and Immigration among them.
- Costly wars would also be avoided as the US did not join the League of Nations.

3. The USA's wealth

- The USA was rich in raw materials such as coal, iron ore and oil, and had much fertile land.
- It was the world's leading industrial nation.
- It's population, made up mainly of immigrants, was hard working and ambitious.
- The early 1900s had seen the movement from rural and agricultural to urban and industrial.

4. New Industries

- The total production of American industry increased by 50% during the 1920s. This boom was fuelled by a demand for ‘new’ consumer goods.
- E.g. washing machines, refrigerators, radios and vacuum cleaners.
- Most significant was the growth in the *MOTOR INDUSTRY.*
- New cinemas and outlets like Jazz brought with them further opportunities.
- Mass production meant that industry and it’s potential swelled quickly.

5. Rising wages and stable prices

- People could afford to buy these new goods because incomes rose by around 25% during the 1920s whilst prices remained the same or fell.
- A reason for this was the introduction of the ASSEMBLY LINE techniques pioneered by Henry Ford. MASS PRODUCTION enabled manufacturers to increase production and make goods more cheaply.

6. Government Policies

- Throughout the 1920s control of the economy was in the hands of Andrew Mellon. He believed that government should play as little part in economic life as possible. This is known as LAISSEZ FAIRE.
- His policy was to give Big Business what it wanted.
- Businessmen believed that, if taxes were low, people and companies would have more money to invest.
- President Hoover's talked of: "*a chicken in every pot and two cars in every garage*".
- The Government also introduced TARIFFS on foreign goods coming into America. The FORDNEY-McCUMBER TARIFF ACT of 1922 raised tariffs higher than ever before. This protected America's industry, and is referred to as PROTECTIONISM

7. Hire Purchase

- The consumer boom was encouraged by the easy availability of credit.
- Pioneered by the car companies, HIRE PURCHASE enabled consumers to buy the goods they wanted with a small deposit, and then pay the rest off in weekly or monthly instalments. 6 out of 10 cars were bought this way.
- Another marketing tool was the MAIL ORDER CATALOGUE e.g. Sears, Roebuck Catalogue.
- Another outlet for Americans was the purchase of shares in US companies. It was a gamble, but generally viewed as a safe bet to make some money.

8. Weak Unions

- The Republican governments, like businessmen, were against trade unions.
- Employers were allowed to use violence to break strikes and refuse to employ union members.
- Unions were excluded altogether from the car industry.
- Employers were able to keep wages low and working hours long, at a time when profits were increasing rapidly.