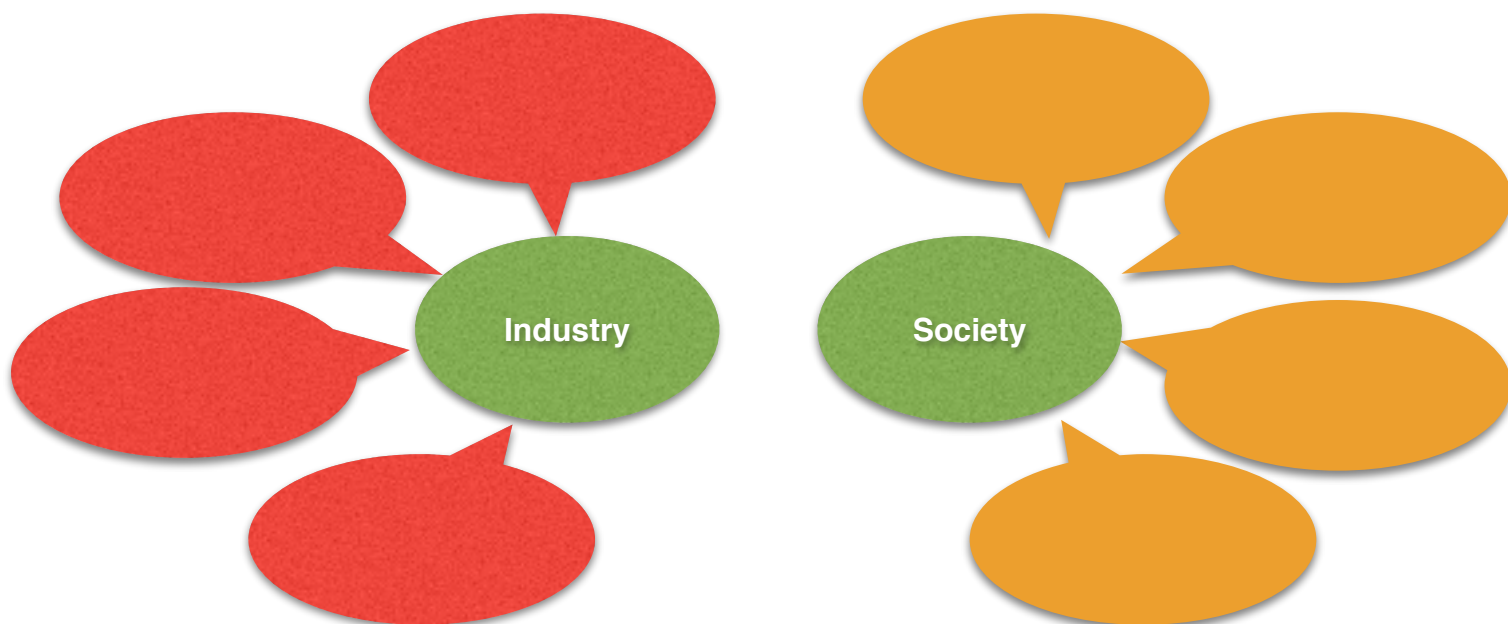


A Growing Economy

Big Idea

As you read through these passages, complete this graphic organizer to **analyze the causes of economic growth and prosperity in the 1920s.**



The Rise of New Industries

Making Generalizations

Complete the statement.

During the 1920s,

During the 1920s, Americans earned more money than ever before while working fewer hours. **Mass production**, or large-scale product manufacturing done mainly by machinery, made more products available and lowered costs. This reshaped American economics and industry.

Henry Ford used the **assembly line** to build cars. This system divided operations into simple tasks unskilled workers could do. It reduced the time needed and the cost. By lowering the price of his mass-produced car, the **Model T**, Ford created a huge demand. The automobile reduced the isolation of rural areas and allowed people to live farther from work.

With their greater incomes, people bought new products such as frozen foods, household cleaners, washing machines, and cosmetics. During the 1920s, the airlines and radio industries expanded. The government used airlines to deliver mail and began building airports. Lindbergh's transatlantic solo flight gave the idea of commercial flights a boost. NBC and CBS began creating networks of radio stations.

The Consumer Society

Making Inferences

Make two inferences based on the passage.

1.

2.

Before the 1920s, most Americans thought that going into debt was shameful. This attitude changed, and more Americans went into debt to buy items such as furniture and bought cars on credit.

Inventors at this time had trouble getting people to buy products they did not know they needed. Advertising stepped in to convince consumers to buy new products and itself soon became an important industry. Modern organizational structures also developed during the 1920s. Companies split into divisions. Each division had its own function and its own manager. As they added new technology, companies needed engineers. Managers and engineers joined the growing middle class.

Many companies introduced **welfare capitalism**. They let workers buy stock, take part in profit sharing, and receive benefits such as medical care. These benefits made union membership seem less necessary, so it declined. Employers supported **open shops**, which did not require union membership. Not all Americans shared in the economic boom. African Americans, Native Americans, women, immigrants, and farmers struggled.

The Farm Crisis

Drawing Conclusions

Draw a conclusion about how tariffs affected American farmers.

During the war, the government had encouraged farmers to grow more to meet the need for food in Europe. Many farmers went into debt to buy more land and machinery to raise more crops. Sales and prices were high, so farmers prospered. After the war, Europeans began producing more farm products, so profits fell for American farmers. New technologies such as fertilizers, machinery, and new seed varieties allowed farmers to produce more, but demand for the products did not increase, so farmers received lower prices for their goods.

In 1922 Congress passed the Fordney-McCumber Act. This law raised tariffs to protect American industries from competition. Europeans reacted by buying fewer American agricultural products. Prices dropped even more when farmers could not sell their products overseas.

Some congressmen tried to help the farmers sell their surpluses. They proposed a plan in which the government would buy the crop surpluses to sell abroad at a loss. However, President Coolidge vetoed the bill. He thought it would encourage farmers to produce greater surpluses. As a result, American farmers stayed in a recession throughout the 1920s.

Section Wrap-Up

Answer these questions to check your understanding of the entire section.

1. How did the growth of the automobile industry and the rise of other new industries improve Americans' standard of living?

2. What factors contributed to the economic crisis in farming during the 1920s?