**Chapter 21, Section 2: A Growing Economy**

**I. The Rise of New Industries** *(pages 640–644)*

**A.** During the 1920s, Americans enjoyed a new standard of living. Wages increased and work hours decreased. **Mass production,** or large-scale product manufacturing usually done by machinery, increased the supply of goods and decreased costs. Greater productivity led to the emergence of new industries.

**B.** The **assembly line,** used by carmaker Henry Ford, greatly increased manufacturing efficiency by dividing up operations into simple tasks that unskilled workers could perform. Ford’s assembly-line product, the **Model T,** sold for $850 the first year but dropped to $490 after being mass-produced several years later. By 1924 the Model T was selling for just $295.

**C.** Ford increased workers’ wages and reduced the workday to gain workers’ loyalty and to undercut union organizers.

**D.** Henry Ford changed American life with his affordable automobiles. Small businesses such as garages and gas stations opened. The petroleum industry expanded tremendously. The isolation of rural life ended. People could live farther away from work—creating the auto commuter.

**E.** More disposable income made innovations affordable. From electric razors to frozen foods and household cleaning supplies to labor-saving appliances, Americans used their new income to make life easier.

**F.** By 1919 the Post Office had expanded airmail service across the continent with the help of the railroad. In 1927 **Charles Lindbergh** took a transatlantic solo flight, which gained support in the United States for the commercial flight. By the end of 1928, 48 airlines were serving 355 American cities.

**G.** In 1926 the **National Broadcasting Company** (NBC) established a permanent network of radio stations to distribute daily programming. In 1928 the **Columbia Broadcasting** **System** (CBS) set up coast-to-coast stations to compete with NBC.

**Discussion Question**

How did mass production and the assembly line affect economic growth in the U.S. during the 1920s? *(Mass production increased the supply of goods and decreased costs. Greater* *productivity led to the emergence of new industries. The assembly line greatly increased manufacturing* *efficiency by dividing up operations into simple tasks that unskilled workers could* *perform. More disposable income made innovations affordable. From electric razors to frozen* *foods and household cleaning supplies to labor-saving appliances, Americans used their new* *income to make life easier. The low prices made possible by mass production and the assembly* *line created great success in the auto industry and spurred the growth of other industries such* *as petroleum, rubber, plate glass, nickel, and lead.)*

**II. The Consumer Society** *(pages 644–645)*

**A.** Higher wages and shorter workdays led to an economic boom as Americans traded thrift for their new role as consumers. American attitudes about debt shifted, as they became confident that they could pay back what they owed at a later time.

**B.** Advertising was used to convince Americans that they needed new products. Ads linked products with qualities that were popular to the modern era, such as convenience, leisure, success, fashion, and style.

**C.** By the early 1920s, many businesses hired professional managers and engineers. The large number of managers expanded the size of the middle class.

**D.** In the 1920s, unions lost influence and membership. Employers promoted an **open shop,** a workplace where employees were not required to join a union. **Welfare capitalism,** where employees were able to purchase stock, participate in profit sharing, andreceive benefits, made unions seem unnecessary.

**Discussion Question**

Why did Americans’ attitudes towards consumerism change during the 1920s? *(Higher wages and shorter workdays led to an economic boom as Americans traded thrift for their new role as consumers. American attitudes about debt shifted, as they became confident that they could pay back what they owed at a later time. Advertising was used to convince Americans that they needed new products. Ads linked products with qualities that were popular to the modern era, such as convenience, leisure, success, fashion, and style. The ads promised consumers selfimprovement, happiness, and self-fulfillment.)*

**III. The Farm Crisis Returns** *(pages 645–646)*

**A.** American farmers did not share in the prosperity of the 1920s. Instead, prices dropped dramatically while the cost to improve farmers’ technology increased.

**B.** During wartime, the government had encouraged farmers to produce more for food supplies needed in Europe. Farmers borrowed money at inflated prices to buy new land and new machinery to raise more crops. Farmers prospered during the war. After the war, Europeans had little money to buy American farm products. After Congress raised tariffs, farmers could no longer sell products overseas, and prices fell.

**C.** President Coolidge twice vetoed a bill to aid the farmers, fearing it would only make the situation worse. American farmers remained in a recession throughout the 1920s.

**Discussion Question**

Why were farmers left out of the economic prosperity of the 1920s? *(During wartime, the U.S. government had encouraged farmers to produce more for food supplies needed in Europe Farmers borrowed money at inflated prices to buy new land and new machinery to raise more crops. Farmers prospered during the war. After the war, Europeans had little money to buy American farm products. After Congress raised tariffs, farmers could no longer sell products overseas, and prices fell. The farmers had technological advances that enabled them to increase production, but because there was no increase in demand, they were forced to lower prices.)*