The Postwar Economy
Booms
Women and African Americans Confront New Realities

- Women and African Americans had made significant advances during the war.
- Postwar recession, economic slowdown, created a competitive job market.
  - There were fewer women in the workforce in 1920 than in 1910.
- African American workers competed with returning soldiers for jobs and housing.
  - Creating tense race relations
- Race riots erupted in cities throughout the country in the summer of 1919
Inflation and Labor Unrest

- During the war, **inflation, or rising prices**, had been held in check.
- After the conflict, Americans **rushed to buy consumer goods** rather than war bonds.
  - Scarcity of consumer goods with the demand caused inflation
- The prices of agricultural products fell sharply causing **farmers to be in debt.**
- Industrial workers demanded higher wages and shorter workday, especially if they fought in the war.
  - Went on strike
The United States Grows as a World Power

- Even though the U.S. wanted to return to normalcy, they **did not plan to totally withdraw from world affairs.**
- By 1920, they were an **economic giant.**
  - It was the richest, most industrialized country in the world.
- Now, British and French demands for American goods created an immense trade imbalance.
  - Europe borrowed money from American bankers and obtained lines of credit with American business firms to pay for the goods.
The United States Grows as a World Power

- The U.S. was now the largest creditor nation in the world.
  - Other countries owed the United States more money than the United States owed them.
- WWI shifted the economic center of the world from London to New York City.
  - The U.S. LOVED this!
The Impact of Henry Ford and the Automobile

● Using revolutionary mass production techniques, American workers produced more goods in less time than ever before.

● The boom changed the lives of millions of people and helped create the modern consumer economy.

● Much of this explosive growth was sparked by a single business: the automobile industry.
  ○ Carmaker Henry Ford introduced a series of technological and management innovations to his fledgling automobile business.
  ○ Ford’s methods and ideas revolutionized production, wages, working conditions, and daily life.
Ford, Mass Production, and the Model T

- Ford did not originate the idea of mass production but he brought it to new heights.
  - The rapid manufacture of large numbers of identical products.
- Early 20thc. only wealthy city dwellers could afford cars.
- Automobile seen as a symbol of class division.
- In 1908, Ford introduced the Model T a reliable car the average American could afford.
  - He opened a new plant on the Detroit river which gave him easy access to steel, glass, oil, and rubber from neighboring states.
Ford hired scientific management experts to improve his mass-production techniques.

- A relatively new method of improving efficiency, in which experts looked at every step of a manufacturing process to find ways to reduce time, effort, and expense.

- He put his cars on moving assembly lines
  - One person would assemble a specific part of the machine.
  - Faster and more efficient

- He became very rich and shaped the modern world.
The Automobile Changes America

- Caused economic growth in other industries related to car manufacturing:
  - Road-construction
- Introduced the system of numbered highways in 1926
- Forms of ground transportation suffered a decline in use
- Prompted a **new sense of freedom and prosperity**.
  - Set their own schedules and plans
  - Symbolized participation in the “American dream”
- Altered residential patterns
  - Live farther from their jobs
Economic Growth in the 1920s

The 1920s saw what has been called **a consumer revolution, in which a flood of new, affordable goods became available to the public**. The widespread availability of electrical power supported the consumer revolution. Electric washing machines, vacuum cleaners, and irons made housekeeping easier and less time-consuming. Accessible electricity also contributed to radio and refrigerator sales.
Advertising and Installment Buying

- Able to sell more products to more Americans using new “scientific technique” and psychological research
  - Magazine and newspaper ads often focused on the desires and fears of Americans more than on what they really needed.

- Installment buying (a consumer would make a small down payment and they pay off the rest of the debt in regular monthly payments) allowed Americans to own products they might otherwise have had to save up for years in order to buy.
The stock market enjoyed a **bull market**
- **A period of rising stock prices**

More Americans put their money into **stocks** in an effort to **get rich quick**
- By 1929, around 4 million Americans owned stocks!

The desire to strike it rich often led investors to ignore financial risks.
- As the market soared, people began buying on margin—another form of buying on credit.
The Bull Market

- As long as the prince of the stock rose, the buyer had no trouble paying off the loan and making a profit.
- **Buying stocks on the hope that their price will rise is called stock market speculation.**
- Bull market stood on shaky ground, but most ignored the dangers.
Science, Technology, and the Free Enterprise System

- Science, technology, and the free enterprise system combined to boost the economic development
- Scientific knowledge enabled engineers to create the technologies that were useful to people
  - Automobiles, radios
- Would not have been widespread without the free enterprise system
- Job creation
Urban, Suburban, and Rural Areas

The economic boom did not affect all parts of the nation equally. While urban and suburban areas prospered, rural Americans faced hardships.
People Migrate to Cities

- Movement of people toward cities in 1920s
- **African American Great Migration towards northern cities**
- Mexicans crossing the border relocated to southwestern cities
- **Adoption of skyscraper technology caused cities to stretch skyward**
Suburbs Expand

- More urban workers moved to the suburbs.
  - Improved mass transportation and automobiles
- Suburbs drained people and resources from the cities, causing the demographic patterns of both types of places to change
  - Catering to middle and upper-class
Many Americans Face Challenges

- Americans enjoyed prosperity and growth
- Participated in the consumer economy and automobile ownership
- This also showed how America’s wealth was poorly distributed.
  - Farm incomes declined
  - Many living in the country did not participate in the consumer benefits and economic gains