**BOOM YEARS**

**CAUSES**

benefit to economy must be specific!

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| **Government Policies** | **Corporate Capitalism** | **Post War Expansion** | **Motor Industry** |
| * 2 consecutive Republican Presidents: believed in laissez-faire (as little intervention w/ economy as possible) * did not regulate economy * placed responsibility for nation’s economic well-being largely in hands of corporate business owners   + companies given more freedom to make decisions w/o facing govt restrictions 🡪 less inefficiency   + devpt of huge super-corporations + trusts allowed 🡪 dominated various industries 🡪 goods made v. cheaply 🡪 more Americans can afford * low taxes + low interest rates (Federal Reserve Board) 🡪 encouraged business owners to invest   + however: did not invest in economy 🡪 plowed in own company * businesses did well 🡪 more $$ to spend (greater spending power) 🡪 more purchases 🡪 higher demand * govt officials worked closely w/ industry 🡪 suggest industry-wide standards + promoting stable wages + prices * protected USA industry 🡪 introduced tariffs (Forney-McCumber Tariff Act: 1922 / Hawley-Smoot Tariff Act: 1929) raise in import taxes on goods from abroad 🡪 foreign goods had to pay extra tax 🡪 USA goods cheaper🡪 encouraged to purchase 🡪 increase in amt of goods made + sold by American businesses * HOWEVER: foreign govts placed high tariffs on American exports 🡪 hard to sell goods abroad (US businesses dependant on foreign trade suffered) * US foreign trade cut in half by 1931 | * large scale corporations headed by CEOs instead of individual/family run * mergers 🡪 power mostly concentrated in 200 businesses * scientific management + more efficient machinery + new methods of mass production 🡪 productivity rise by 40% 🡪 higher worker’s payer + corporate profits * manufacturing output expanded 64% during 1920s * in form of financial institutions e.g. banks   + enhanced role as global financial centre   + expansion of financial institutions + corporations 🡪 total banking assets rose from 1919: $48 billion to 1929: $72 billion   + almost ½ of banking resources controlled by 1% of US banks (250) * Mergers between Wall Street Banks 🡪 New York Financial Centre | * post war optimism 🡪 greater willingness to buy goods * spending of wartime savings 🡪 rampant inflation (1919: price rose 1/3) 🡪 sharp 2 year recession * unemployment down to 10% * prides down more than 20%   + smooth economy growth   + GDP grew by 1922: 74.1 billion to 1929: 103.1 billion * British + German manufacturers busy making weapons, munitions + uniforms 🡪 provided little competition 🡪 American manufacturers prospered after war   + could only buy American goods 🡪 stimulate economy   + took over much of Europe’s international trade while they were busy fighting   + e.g. USA’s chem industry replaced German industry as world leader producing explosives, fertilisers, dyes + plastics 🡪 increased trade vol in USA * America made huge profits selling weapons to Allies * America made huge loans to Britain + France so they could buy weapons (from USA)   + USA made money on loan interest + profits from sale of equipment | * Henry Ford’s automobile factories 🡪 started assembly-line technique   + placed tools + men in sequence of operation 🡪 each component part travel least possible distance in process of being completed 🡪 much faster than having workers carry parts to stationary car model   + increased rate of output 🡪 decrease manual hours 🡪 reduced cost of production + manpower 🡪 supply increase 🡪 price of Ford automobiles driven down 🡪 more affordable to average american * Mass production 🡪 cheaper + easier to manufacture than by hand 🡪 price of goods cheaper * 1913: 12.5h/car🡪 1927: 24 secs * lowered prices of automobiles 🡪 1920-1929: no. of Americans w/ cars increased from 8mil 🡪23 mil   + 1 car per 6 people (80% of world’s automobiles) * Auto sales: 1921: 1.5mil 🡪 1929: 5mil   + $2.58bil earned in 1929 * stimulated other industries * higher demand for steel, petroleum, chemicals, rubber, glass * jobs created for 3.7mil workers * boosted highway construction + oil industry 🡪 job creation (road building) * caused Americans to travel 🡪 rest-stops, motels, auto-camps, tourist cabins * greater accessibility within America: 1929: 45mil took vacations (1/3 Americans) 🡪 domestic tourists * rural communities brought into contact w/ outside world (buy urban products e.g. radio + telephones 🡪 communication) * many could drive around to look for work |

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| **Abundance of New Consumer Products + High Demand** | **New Technology** | **Speculation in Stock Market** | **Hire Purchase System** | **Great Industrial Strength** |
| * output expanded 64% * cars, washing machines, refrigerators, radios, stoves * increased demand for basic materials   + e.g. steel, copper, chemicals, natural gas, electrical power, oil, gasoline * scientific management + more efficient machinery + new methods of mass production 🡪 productivity rise by 40% 🡪 higher worker’s payer + corporate profits * advertising (mail order catalogues, posters, radios, cinema commercials) 🡪 higher demand | * 1921: radio broadcasting * 1922: $60mil worth of radios sold 🡪 1929: $800mil * widespread availability of electricity supplies created demand for electrical goods   + e.g. vacuum cleaners, washing machines, talkies (in 1928) | * New York Stock Exchange * 1928: some shares rose to 5 times original value * stories of maids, chauffers, barbers earning millions overnight * industries made big profits + share prices rising * many people bought shares (thought quick profit to be made) * on-margin buying of stocks (only need to pay 10% of cost, borrow the rest) 🡪 people of different classes speculating * greater investment 🡪 drove up prices of shares 🡪 stock market prospered * average American who speculated in stock market 🡪 more spending money * benefited all industries + direct impact on average American * extra finance for industry 🡪 helped big business expand | * allowed people to purchase goods by paying in weekly installments * live on credit + owe money to banks + finance houses * even if no money 🡪 could buy products previously out of reach   + e.g. cars, radios, refrigerators * 1927: 2/3 of American cars financed through monthly payments * consumer lending grew to $7bil a year (10th largest business in US) * hire purchase 🡪 increased consumer spending | * large + growing population   + comprised many immigrants 🡪 hardworking, ambitious 🡪 increased productivity + boost in trade * big market for goods being produced * presence of raw materials needed for consumer goods   + e.g. steel, coal, leather, wood   + did not have to import from abroad |

**IMPACTS (social)**

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| **Women** | **Nativism** | **Agriculture + Textiles and Coal** |
| BEFORE WAR:  Macintosh HD:Users:Nicole:Desktop:Screen Shot 2014-05-08 at 7.19.58 PM.pngMacintosh HD:Users:Nicole:Desktop:Screen Shot 2014-05-08 at 7.19.58 PM.png  DURING 1920s   * Women were freer than ever before to live their own lives. * Young, fashionable women, known as flappers, drank, smoked, dated and wore outrageous new fashions. * Many women stopped wearing corsets, hemlines went up and hair was cut in short bobs. * In 1920, women also gained the right to vote. * In the 1920s, more and more women went to work, the number of working women increased by 25% to 10.5 million by 1929. * They became financially dependent and no longer had to live at home, they could make their own decisions about how to live. * New labour-saving devices introduced in the 1920s e.g. washing machines and vacuum cleaners 🡪 free them from domestic chores and they had more free time to engage in leisure activities. | * The Boom Years attracted many immigrants, seeking strike it rich * more than 23 million immigrants * many of them were Jews or Catholics from Southern and Eastern Europe * mass media generally reflected the cosmopolitan values of cities * many Americans worried that the cities, and the immigrants living there, would soon dominate the nation and its culture * Nativist animosity fueled a new drive against immigration * Americans determined to keep America American * 1921 Immigration Quota Act, limited immigration from each country to 3 % of total number from each national group as represented in the 1910 Census * In 1924 the National Origins Act, the quota was reduced to 2 percent * later in the 1929 Immigration Act the number of immigrants each year were limited to 150,000 and people from Asia were not allowed immigration into the USA. * Nativism also prompted the revival of the Ku Klux Klan.   + carried out many violent activities against people who were not "True Americans"   + esp terrorising blacks, Catholics, Jews | Macintosh HD:Users:Nicole:Desktop:Screen Shot 2014-05-08 at 7.19.43 PM.pngMacintosh HD:Users:Nicole:Desktop:Screen Shot 2014-05-08 at 7.19.36 PM.pngz |

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| **Gangsters** | **Black Americans** | **Employee Benefits** | **Mass National Culture** |
| * boom in crime coincided with rising prosperity * introduction of Prohibition in January 1920 🡪 prohibited manufacture and/or sale of intoxicating liquor. * millions of respectable Americans who liked to drink beer, wine or spirits 🡪 forced to use illegal bars (“speakeasies”) or taverns where illicit liquor was sold * some of this liquor was smuggled across the Canadian and Mexican frontiers * but much of it was distilled illegally inside the USA itself * lucrative trade of supplying liquor = against the law 🡪 soon organised by large-scale gangsters * e.g. ‘Scarface’ Al Capone of Chicago. He bribed police and even put city officials to his pay roll * rivals gangs in cities fought over territories 🡪 gangland killings multiplied (e.g. Chicago: 1920-1931 200+ gang members murdered) 🡪 cities like Chicago and New York bad reputations for violence and crime | * Macintosh HD:Users:Nicole:Desktop:Screen Shot 2014-05-08 at 7.19.51 PM.pngMacintosh HD:Users:Nicole:Desktop:Screen Shot 2014-05-08 at 7.19.51 PM.png | Macintosh HD:Users:Nicole:Desktop:Screen Shot 2014-05-08 at 7.21.00 PM.png | * development of a mass national culture that emphasized leisure, consumption and amusement * development of standardized products and mass media communication 🡪 helped create a national culture * Automobiles, paved roads, the parcel post office, movies, radios, telephones, mass-circulation magazines, brand names + chain stores 🡪 broke down the isolation of small towns and rural communities 🡪 linked America in an expanding web of national experience * by the end of the 1920's, the nation had 23,000 theaters; movie attendance grew rapidly with 115 million Americans attending movies in 1930 * Mass- circulation magazines like The Saturday Evening Post, New Yorker, Readers Digest, Time introduced * beginning of the new Book of the Month Club, got Americans all over the nation reading the same books. * By 1929, 40% of all households carried radios and more than 800 stations were broadcasting under CBS or NBC. * Millions of Americans shared similar cultural experiences. |

**GREAT DEPRESSION**

**CAUSES**

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| **Overproduction + Underconsumption** | **Great Crash** |
| * mass production 🡪 goods produced quickly in large amts * however market 🡪 becoming saturated * cars, radios, vacuum cleaners + other consumer goods 🡪 once bought 🡪 demand fell * factories forced to produce fewer goods 🡪 cutting back on workforces * 1927 starting: Americans spent money at faster pace than incomes had risen * ran short of cash + credit 🡪 spending declined * inventories piled up 🡪 1928: factories begun cutting back production + laying off workers 🡪 reinforced slowdown   + housing construction slowed * 1929 Summer: American economy entered ordinary recession   + spending declined + unsold goods piled up 🡪 manufacturers began to cut back production + lay off workers * many companies over-valued by stock market   + factories, resources, profits not worth as much as investors thought they were * stock prices   DOWNTURN 🡪 became self perpetuating   * the more the economy contracted 🡪 the longer people expected the declin to last * corporations did not invest in new plants * consumers refused to buy new cars / appliances | * over speculation in stock market * speculation was extremely attractive during economic boom 🡪 people were feverishly buying shares + selling when value had risen (thought shares always went up)   + some people even mortgaged houses/businesses to buy shares   + prices kept increasing 🡪 people = richer * many companies over-valued by stock market   + factories, resources, profits not worth as much as investors thought they were   + stock prices not driven by structure of economy but exuberance   + stock prices not same as real earnings of the stocks   + stock prices inflated by 400% between 1923 – 1929 * signs of slowdown 🡪 people started selling stocks (thought share prices = unrealistic)   + prices began to drop 🡪 confidence drop of speculators 🡪 panic + mass-selling on “Black Thursday” (Oct 24, 1929), “Black Tuesday (Oct 29)   + 28mil+ shares traded in panic 🡪 everyone sold, no one bought 🡪 overnight stock values fell * millions of shares reduced to worthless * investors who bought stocks on margin 🡪 wiped out completely * hundreds of banks failed   + banks had invested heavily in corporate stocks / lent money to speculators   + bank deposits uninsured 🡪 depositors lost all/some of their money   + customers frightened 🡪 withdrew savings from solvent banks 🡪 forced them to close as well 🡪 worsened crisis   + surviving banks stopped being willing to create new loans   + 1932: nearly half of America’s banks gone bust * businesses ruined   + could not borrow money bc share value had fallen   + as banks went down, business loans called in in desperate bid to stay afloat 🡪 local businesses went down w/ them * people lost life savings   + had less money to spend in shops/on cars 🡪 less spending power   + tightened belts 🡪 bought fewer luxuries 🡪 even more factories shut down / sacked workers   + sacked 🡪 14mil unemployed in 1932 🡪 less to spend 🡪 etc. |
| **Surge in Tariffs on Foreign Imports** | **Republican Policies** |
| * 1920s: flow of international credit depened on American banks + corporations * American banks   + loans + investments in European countries allowed those nations to pay reparations + war debts 🡪 buy US goods * US banks + companies reduced foreign investments 🡪 disrupt European financial system + cutting demand for American exports * Hawley-Smoot Tariff (1930) cut trade further 🡪 raised foreign import tariffs to all-time highs   + meant to protect America’s farms + industries   + foreign govts imposed similar restrictions 🡪 fall in world trade   + market in America shrank + American businessmen found it difficult to sell goods abroad   + USA tariff policies 🡪 fostered global protectionism   + world trade declined by 66% from 1929 – 1934   + drop in international trade + weak international trade relations 🡪 worldwide economy crisis | * “rugged individualism” 🡪 minimal intervention from govenrment (“laissez faire”)   + believed as long as businesses were booming 🡪 economy would benefit 🡪 welfare of country   + passed pro-business bills   + cut taxes for people to increase buying power   WHEN STOCK MARKET CRASHED:   * few social security nets   + decided not to spend public money on creating new jobs   + did little to stabilize economy   + made little safety precautions for crisis * “hands off” approach   + Hoover believed problem of high unemployment would solve itself   + depended on voluntarism + reliance on business community   + turned to corporate leaders 🡪 asked business executives to maintain wages + production levels 🡪 rebuild America’s confidence in capitalist economic system * eventually made some measures   + spent govt money on projs to put unemployed to work   + insufficient   + 1932: avg. American income fell by 1/3 in 3 years |

**EFFECTS**

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| **Unemployment** | **Rising Discontent** |
| * 1932: 14mil unemployed * every large American city: men queued for a lump of bread + bowl of soup * YMCA in New York’s Bowery gave away 12,000 free meals a day * many evictions * homeless poor slept in parks, under bridges, in shop doorways, public buildings, empty railway waggons * to alleviate problems of the farmers 🡪 Hoover told them to grow less 🡪 supply fall 🡪 cause price to increase   + desperate farmers grew more 🡪 wanted to have more to sell   + + many Americans were starving   + 1931: wheat prices in Chicago dropped to lowest in 30 years   + many farmers went bankrupt + evicted from homes   + 1930s: drought + poor farming methods 🡪 crop failure + widespread soil erosion * thousands of poor tenant farmers in Oklahama abandoned homes + holdings 🡪 emigrated to California | * many citizens began to hate Herbert Hoover   + even had demeaning “vocabulary” – “Hoovervilles” = shanty towns where people lived in packing crates, “Hoover blankets” = newspapers * led to violence   + bankrupt farmers banded together 🡪 resisted bank agents + sheriffs who tried to evict them from their land   + protested low prices for goods 🡪 thousands of farmers joined Farm Holiday Association 🡪 cut off supplies to urban areas by barricading roads + dumping milk, vegetables, other foodstuff onto roadways   + layoffs + wage cuts 🡪 violent industrial strikes   + civil disorder erupted in nations’ cities   + 1931 + 1932: unemployed citizens demanded jobs + bread from local authorities   + hard-pressed wage earners staged rent strikes |