

## Objectives

- Explain the impact of Henry Ford and the automobile.
- Analyze the consumer revolution and the bull market of the 1920s.
- Compare the different effects of the economic boom on urban and rural America.



## Terms and People

- **Henry Ford** – applied mass production techniques to manufacture automobiles; initiated changes that had a major impact on wages, working conditions, and daily life
- **mass production** – the rapid, large-scale manufacture of identical products
- **Model T** – automobile manufactured by Henry Ford to be affordable on the mass market
- **scientific management** – analysis of a manufacturing process to improve speed and efficiency

## Terms and People (continued)

- **assembly line** – manufacturing technique in which products move past workers, each of whom adds one small component
- **consumer revolution** – a flood of new, affordable goods
- **installment buying** – buying on credit by making an initial down payment and then paying the balance over time

## Terms and People (continued)

- **bull market** – a period of rising prices in the stock market
- **buying on margin** – buying stock on credit by paying a percentage up front and borrowing the rest of its cost



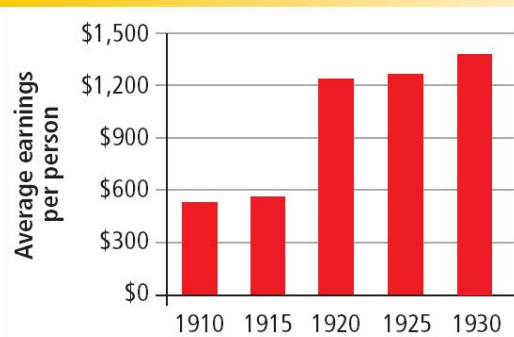
## **How did the booming economy of the 1920s lead to changes in American life?**

During the 1920s, the American economy experienced tremendous growth. Using mass production techniques, workers produced more goods in less time than ever before.

The boom changed how Americans lived and helped create the modern consumer economy.

# The 1920s were a time of rapid economic growth in the United States.

**Earnings of Nonagricultural Employees, 1910–1930**



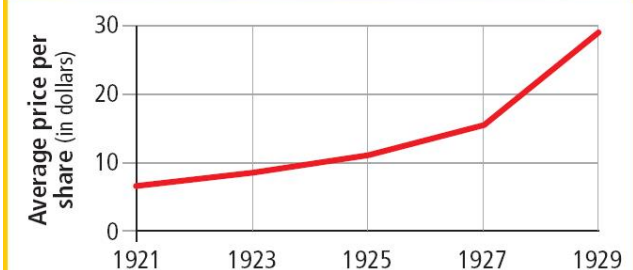
SOURCE: *Historical Statistics of the United States*

**Gross Domestic Product**

Year	Value of goods produced (in millions of dollars)
1921	68,355
1923	82,994
1925	87,359
1927	94,161
1929	101,444

SOURCE: *National Bureau of Economic Research*

**Average Price of Selected Stocks, 1921–1929**



SOURCE: *Standard and Poor's*

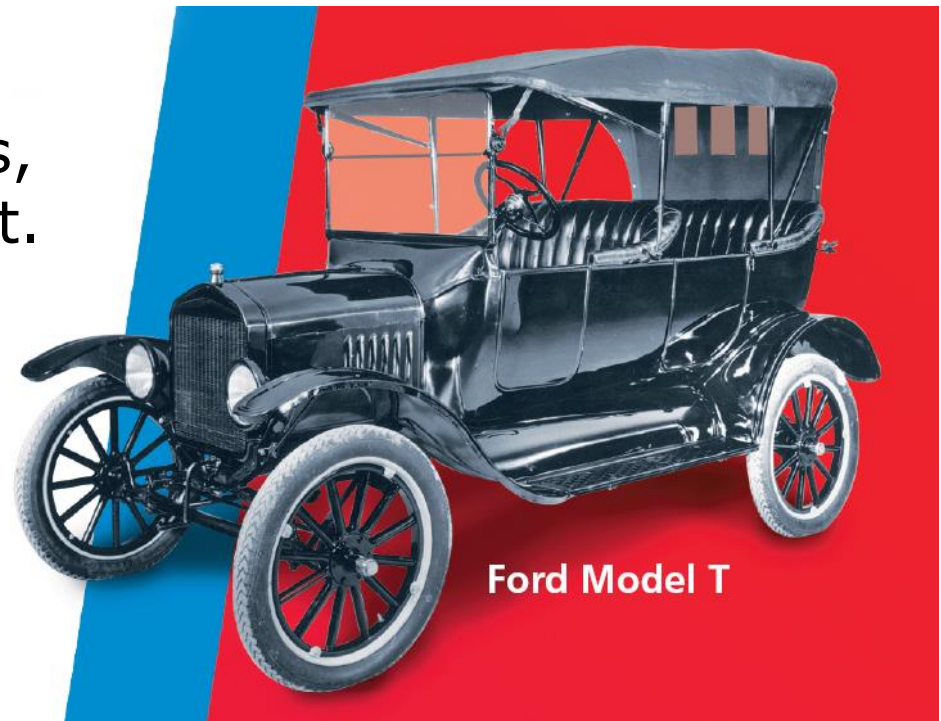
Much of this boom can be traced to the automobile.



**Before 1920, only wealthy people could afford cars.**

By applying innovative manufacturing techniques, **Henry Ford** changed that.

His affordable **Model T** became a car for the people.



Ford Model T

**Ford made the Model T affordable by applying **mass production** techniques to making cars.**

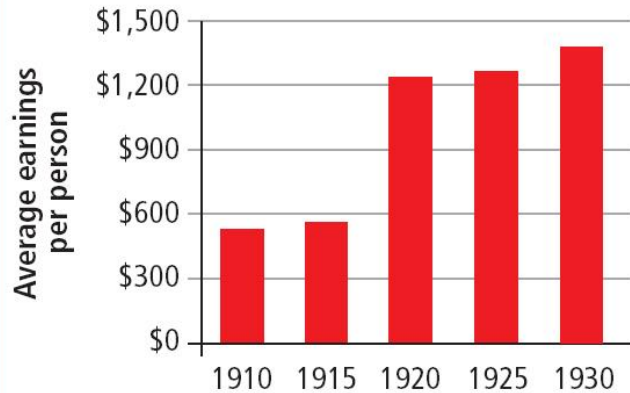


- A moving **assembly line** brought cars to workers, who each added one part.
- Ford consulted **scientific management** experts to make his manufacturing process more efficient.
- The time to assemble a Model T dropped from 12 hours to just 90 minutes.



## Ford also raised his workers' pay and shortened their hours.

Earnings of Nonagricultural Employees, 1910–1930



SOURCE: *Historical Statistics of the United States*

With more money and more leisure time, his employees would be potential customers.

By 1927, 56% of American families owned a car.



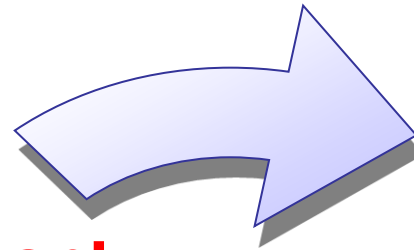
## How the Automobile Changed America

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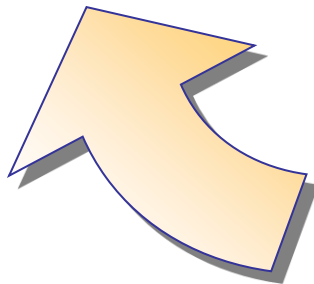
- Road construction boomed, and **new businesses opened along the routes.**
- Other car-related industries included steel, glass, rubber, asphalt, gasoline, and insurance.
- Workers could live farther away from their jobs.
- Families used cars for **leisure trips and vacations.**
- Fewer people traveled on trolleys or trains.

## The 1920s saw a **consumer revolution**.

Using **installment buying**, people could buy more.



New products flooded the market.



Advertising created demand.



**Rising stock market prices also contributed to economic growth.**

- Throughout the 1920s, a **bull market** meant stock prices kept going up.
- Investors **bought on margin** (purchasing stocks on credit).

**By 1929, around four million Americans owned stocks.**



## During the 1920s, cities grew rapidly.



Immigrants, farmers, African Americans, and Mexican Americans were among those who settled in urban areas.

**Population of Selected U.S. Cities, 1910–1930**

City	1910	1920	1930
New York	4,766,883	5,620,048	6,930,446
Chicago	2,185,283	2,701,705	3,376,478
St. Louis	687,029	772,897	821,960
Los Angeles	319,198	576,673	1,238,048
Detroit	465,766	993,078	1,568,662

SOURCE: U.S. Census Bureau

**Cities expanded outward, thanks to automobiles and mass transit systems.**

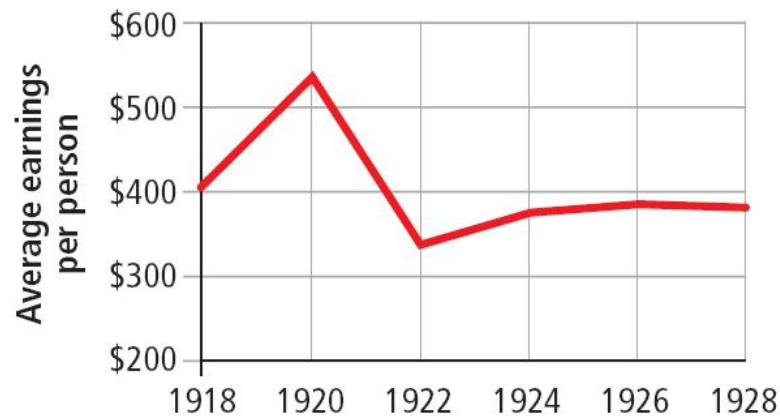


- More and more people who worked in cities moved to the suburbs.
- Suburbs grew faster than inner cities.



**While cities and suburbs benefited from the economic boom, rural America struggled.**

Earnings of Agricultural Employees, 1918–1928



SOURCE: *Historical Statistics of the United States*

Farm incomes declined or remained flat through most of the 1920s.