Normalcy and Good Times

The Big Ideas

SECTION 1: Presidential Politics
Societies change over time. President Calvin Coolidge tried to get the country back on track after the scandals of the Harding administration.

SECTION 2: A Growing Economy
Societies change over time. The United States experienced stunning economic growth during the 1920s.

SECTION 3: The Policies of Prosperity
Societies change over time. While the economic policies of the U.S. government led to prosperity for many during the 1920s, these policies were not without consequences.

The American Vision: Modern Times Video  The Chapter 8 video “Tuning in to Radio in the 1920s,” describes the growth of a mass media culture in the United States and the importance of the radio.

1920
• Women vote in national election for the first time

1921
• Washington Conference convenes
• Farm Bloc organized in U.S. Congress

1923
• Teapot Dome scandal erupts
• Ford Motor Company gains 50 percent of the new car market
• President Harding dies

1924
• Dawes Plan negotiated with France, Britain, and Germany
• Calvin Coolidge elected president

1925
• Soldier-leader Reza Khan pronounced shah of Iran

1921–1929
Opening Night, Ziegfeld Follies by Howard A. Thain captures the excitement surrounding the opening of a new musical revue in New York City.

1927
- 15 millionth Model T built

1928
- Kellogg-Briand Pact proposes an end to war

1929
- U.S. radio sales exceed $800 million

1929–1933
- Hoover

1926
- British General Strike paralyzes the British economy

1929
- Lateran Treaties with Italy make the Vatican sovereign territory

History Online
Visit the American Vision: Modern Times Web site at tav.mt.glencoe.com and click on Chapter Overviews—Chapter 8 to preview chapter information.
Did you know that summarizing happens while you are reading, not just after you have finished reading? Good readers stop periodically to summarize information in their minds or on paper. This means they restate important ideas using only a few words. Summarizing helps the readers make sure they understand what they have read. It also helps good readers predict what might come next in the text.

Use the natural breaks in the text, such as just before a new heading, as a good point to stop and summarize. This break is the author’s way of telling you the information is complete for the heading you just finished reading. Another good place to summarize is at the end of a paragraph that contains a lot of information. As you summarize, consider the facts you learned, the questions you posed, and the connections and inferences you made as you read. These facts and thoughts should lead you to a summary statement.

Read the passage below. While you are reading, note the facts and your thinking about those facts on a sheet of paper.

Cars revolutionized American life. Although many small businesses declined during the 1920s, the automobile created new small-business opportunities for such enterprises as garages and gas stations.

The automobile eased the isolation of rural life, putting towns within reach of many farmers and the countryside a mere ride away for city dwellers. Cars also enabled more people to live farther from work. An entirely new kind of consumer and worker, the auto commuter, appeared. Commuters lived in growing suburban communities and drove to work in the city. (page 451)

Your summary might be similar to this: The growth of the car industry created new businesses and changed people’s lifestyles, especially with regard to where they lived and worked.

As you read, stop periodically to summarize the information the text has provided. Try summarizing on paper and in your mind. As you summarize information, with your teacher’s permission, talk to other students to find out how they summarized a specific section.
As you study history, you should learn to show the connections, casual and otherwise, between particular historical events and the larger social, economic, and political trends and developments.

Conducting cost-benefit analyses and applying basic economic indicators will help you analyze and understand the economic behavior of the U.S. economy.

When you were younger, you probably received an allowance that was the same amount every week. As you get older, you’re likely to be paid by the job. In other words, you can make more money by taking on more jobs, such as babysitting, mowing lawns, and washing cars. When you charge $5 to wash a car and you wash 1 car in 2 hours, your hourly earnings are fairly low. When you wash 4 cars in 2 hours, your pay rate increases. Of course, you still have to do a good job. If the quality of your work suffers as you get faster, you will lose customers and your earnings will decrease.

Historians and economists recognize that economic growth is based on economic performance indicators, such as the rate of production, distribution, and use of goods and services. Through their analysis of the use of goods and services, historians and economists determine whether production and distribution are operating with little waste or at a savings.

Read this passage from your textbook on the impact of the assembly line on the production and the price of Model Ts.

In 1908, the Model Ts first year, it sold for $850. In 1914 mass production reduced the price to $490. Three years later, improved assembly-line methods and a high volume of sales brought the price down to $360. By 1924 Model Ts were selling for $295, and Ford sold millions of them. (pages 450–451)

Why do you think the Model T got cheaper as time went on? Do you think that the amount of cars sold increased or decreased over this period of time? What do you think the impact of mass production is on an industry? What new industries or products needed to be created as a result of the availability of cars for the average American? How has mass production influenced the economy of the United States?

As you read the text under “The Rise of New Industries” and “The Consumer Society” on pages 450–454, ask yourself questions similar to the ones above about new industries. Consider the impact new industries and technological changes had on other industries and the U.S. economy.
Connection
In the previous chapter, you learned about the social and cultural changes that occurred during the 1920s. In this section, you will discover how President Coolidge focused the country on business and personal virtue after the scandals of the Harding Administration.

Main Idea
• After appointing several friends to positions in the government, President Harding endured a presidency plagued by scandal. (p. 445)
• Calvin Coolidge steered the country toward an emphasis on business and personal virtue. (p. 447)

Reading Objectives
• Describe the corruption that tainted the Harding administration.
• Explain how Calvin Coolidge restored public confidence after assuming the presidency.

Presidential Politics
I. The Harding Administration
A. 
B. 
II. 
A. 
B.

Preview of Events
1920
Women vote in national election for the first time; Warren G. Harding elected president

1923
Teapot Dome scandal; Harding dies; Calvin Coolidge becomes president

1924
Coolidge elected president in his own right

The Big Idea
Societies change over time. While in office, President Harding appointed many friends to government positions. This led to several scandals and accusations of corruption. Following Harding’s death, Calvin Coolidge became president and worked to restore integrity to the presidency. Coolidge continued the nation’s expanding prosperity and put a strong focus on business. With Democrats divided over a candidate, President Coolidge easily won the 1924 election.

The following are the main History–Social Science Standards covered in this section.
11.2 Students analyze the relationship among the rise of industrialization, large-scale rural-to-urban migration, and massive immigration from Southern and Eastern Europe.
11.2.9 Understand the effect of political programs and activities of the Progressives (e.g., federal regulation of railroad transport, Children’s Bureau, the Sixteenth Amendment, Theodore Roosevelt, Hiram Johnson).
11.5 Students analyze the major political, social, economic, technological, and cultural developments of the 1920s.
11.5.1 Discuss the policies of Presidents Warren Harding, Calvin Coolidge, and Herbert Hoover.
The Harding Administration

Main Idea After appointing several friends to positions in the government, President Harding endured a presidency plagued by scandal.

Reading Connection If you were captain of a team and had to choose between your friend or a better player for a teammate, whom would you choose? Read on to learn about the difficulties Warren G. Harding faced as a result of poor choices for his government appointments.

The oldest of eight children, Warren G. Harding was born in 1865 in Corsica, Ohio. As an adult, he was active in civic and fraternal organizations, and he also published the Marion Daily Star. In 1898 Harding was elected to the Ohio legislature. He fit in comfortably with the powerful Ohio Republican political machine and won election as lieutenant governor in 1903. He failed in his bid for governor in 1910 but was elected to the United States Senate four years later. After serving one term in the Senate, Harding ran for and won the presidency with Calvin Coolidge as vice president in 1920.

An American Story

In August 1923, Vice President Calvin Coolidge was taking a short vacation at his family’s homestead in Plymouth Notch, Vermont. The straitlaced Coolidge went to bed at 9:00 as usual on August 2, but at 2:30 A.M., his father woke him. “I noticed that his voice trembled,” Coolidge said later. “I knew that something of the gravest nature had occurred.” After learning that President Warren G. Harding was dead, Coolidge dressed hurriedly and went downstairs. Shortly afterward, in a small, sparsely furnished room lit by a flickering kerosene lamp, the elder Coolidge, a farmer and justice of the peace, got out the family Bible and administered the presidential oath of office to his son. Later, while painting a portrait of the new president, artist Charles Hopkinson asked, “Mr. Coolidge, what was the first thought that came into your mind when you were told that Mr. Harding was dead and the presidency was yours?” Coolidge replied, “I thought I could swing it.”

—adapted from Flappers, Bootleggers, “Typhoid Mary” and the Bomb

Calvin Coolidge assumed the presidency during a time when Americans yearned to go back to simpler and steadier times after the carnage of World War I. Coolidge’s predecessor, Warren G. Harding, had tailored his presidency to this goal.

A Self-Doubter in the White House With his silver hair and impressive bearing, Harding looked like a president, but he thought he lacked the intellectual qualifications for the job. “I have such a sure understanding of my own inefficiency,” he once said, “that I should really be ashamed to presume myself fitted to reach out for a place of such responsibility.”

Despite such doubts, Harding’s political philosophy fit in well with the times. He ran on the campaign slogan to return to normalcy, or a return to “normal” life after the war. Harding’s charm and genial manner endeared him to the nation. The quiet gloom of President Wilson’s last years was replaced by the open, easygoing atmosphere of the first days of the Harding administration. On the day of his election, he went out to play a round of golf—a confident, relaxed gesture.

The Ohio Gang Harding made several distinguished appointments to the cabinet, including former Supreme Court justice Charles Evans Hughes as secretary of state, former Food Administrator Herbert Hoover as secretary of commerce, and business tycoon Andrew Mellon as secretary of the treasury.

Many of Harding’s other appointments, however, were disastrous. He gave many cabinet posts and other high-level jobs to friends and political allies from Ohio. Harding named Charles “Doc” Sawyer from Marion, Ohio, as White House physician, a post that came with the rank of brigadier general.
Harding made his boyhood friend Daniel Crissinger chairman of the Federal Reserve Board and selected Colonel Charles R. Forbes—another Ohio acquaintance—to head the Veterans Bureau. Harding felt more comfortable among his old poker-playing friends, known as the *Ohio Gang,* than he did around such sober and serious people as Herbert Hoover. Alice Roosevelt Longworth, the daughter of Theodore Roosevelt, was a keen observer of Washington society. She wrote that it was common to find the Ohio Gang in the White House study, and here she describes a typical scene:

“The air [would be] heavy with tobacco smoke, trays with bottles containing every imaginable brand of whiskey... cards and poker chips at hand—a general atmosphere of waistcoat unbuttoned, feet on desk, and spittoons alongside.”

—quoted in *The Perils of Prosperity, 1914–1932*

The Ohio Gang did more than drink, smoke, and play poker with the president. Some members used their positions to sell government jobs, pardons from criminal convictions, and protection from prosecution. Forbes sold scarce medical supplies from veterans hospitals and kept the money for himself, costing the taxpayers over $200 million. When Harding learned what was going on, he complained privately that he had been betrayed. He said that he had no troubles with his enemies, but his friends were a different story: “They’re the ones that keep me walking the floor nights!”

In June 1923, amid the scandal in the Veterans Bureau and rumors of other unethical behavior, Harding and the First Lady left to tour the West. En route from Alaska to California, he became ill with what was probably a heart attack. He died in San Francisco on August 2, shortly before the news of the Forbes scandal broke.

**The Teapot Dome Scandal** Other scandals also came to light. Harding’s secretary of the interior, Albert B. Fall, secretly allowed private interests to lease lands containing U.S. Navy oil reserves at Teapot Dome, Wyoming, and Elk Hills, California. In return, Fall received bribes from these private interests totaling more than $300,000. Eventually the Senate investigated what the newspapers named the Teapot Dome scandal, and Secretary Fall became the first cabinet officer in history to go to prison.

The last Harding administration scandal involved Attorney General Harry Daugherty, Harding’s former campaign manager. It concerned a German owned American company that the American government had seized during World War I as enemy property. To acquire the company and its valuable chemical patents, a German agent bribed a “go-between” politician, and a portion of the bribe ended up in an Ohio bank account that Daugherty controlled.

Under investigation by his own Justice Department, Daugherty refused to turn over requested files and bank records. He also refused to testify under oath, claiming immunity, or freedom from prosecution, on the grounds that he had had confidential dealings with the president. Daugherty’s actions disgusted the new president, Calvin Coolidge, who demanded his resignation. The tattered reputation of Harding’s presidency dissolved in scandal and corruption.

**Reading Check** Describing Why was Harding’s emphasis on “normalcy” an effective campaign strategy?
The Coolidge Administration

Main Idea Calvin Coolidge steered the country toward an emphasis on business and personal virtue.

Reading Connection Do you think Coolidge’s motto, “The chief business of the American people is business,” is appropriate for today? Why or why not? Read on to discover how Coolidge’s administration handled the issues of the time.

Just as Harding’s promise of “normalcy” had appealed to war-weary voters in 1920, the virtue of his successor came as a welcome change from the turmoil of the Harding administration’s corruption. Born on July 4, 1872, John Calvin Coolidge grew up on the Vermont farm that his family had worked for five generations. While governor of Massachusetts, Coolidge rose to national prominence for his handling of the Boston police strike in 1919. Shortly afterward, he was asked to run as Harding’s vice president.

“Silent Cal” Takes Over Coolidge was very different from Harding. Harding had enjoyed the easy conversation and company of old friends. Coolidge, joked a critic, could be “silent in five languages.” With his simple and frugal manner, he contrasted not only with Harding but also with the spirit of the time, the booming, materialistic era of the Roaring Twenties.

Coolidge quickly distanced himself from the Harding administration. He named Harlan Fiske Stone, dean of the Columbia Law School, to replace Daugherty as attorney general. He also asked the most capable cabinet members—Hughes, Mellon, and Hoover—to stay on.

Coolidge’s philosophy of government was simple. He believed that prosperity rested on business leadership and that part of his job as president was to make sure that government interfered with business and industry as little as possible. He once said, “Four-fifths of all our troubles in this life would disappear if we would only sit down and keep still.”

Calmly and cautiously, Coolidge worked to restore integrity to the presidency. Coolidge’s presidency avoided crises and continued the nation’s expanding prosperity. Coolidge easily won the Republican Party’s nomination for president in 1924.
The Election of 1924  

Even though the scandals of the Harding administration presented the Democrats with a ready-made issue, they lost the chance for victory. Deeply divided between their urban Eastern constituency and their rural following in the South and West, the Democrats had difficulty agreeing on a nominee. They finally compromised on John W. Davis of West Virginia after 103 attempts to find someone acceptable to a majority of the delegates.

The Republicans effectively campaigned on the slogan “Keep Cool with Coolidge,” and they urged Americans to retain the party that favored business. In his economic policies, Coolidge aligned himself—and the government—with prosperity and big business. Not everyone was content to choose between the Republicans and Democrats. Defectors from both parties joined farm, labor, and religious activists to form the new Progressive Party, nominating Wisconsin senator Robert M. La Follette as their candidate. Although La Follette captured 16.6 percent of the popular vote, or a total of almost 5 million, he and Davis combined could not keep the Republicans from winning the election. Coolidge won easily with more than half the popular vote and 382 electoral votes.

In a speech to the American Society of Newspaper Editors in 1925, Coolidge said, “The chief business of the American people is business. The man who builds a factory builds a temple. The man who works there worships there.” The Wall Street Journal joyously exclaimed, “Never before, here or anywhere else, has a government been so completely fused with business.” By avoiding war, reform, and scandal, Coolidge promised to give the United States the normalcy Harding had failed to deliver.

Reading Check  

Summarizing  How did Calvin Coolidge restore public confidence after becoming president?

HISTORY Online  

For help with the concepts in this section of American Vision: Modern Times go to tavo.mg.glencoe.com and click on Study Central.

Critical Thinking  

5. Interpreting  How did the Democrats lose the chance for victory in the election of 1924?

6. Categorizing  Use a graphic organizer similar to the one below to compare and contrast the politics and presidencies of Harding and Coolidge.

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<th>Politics</th>
<th>Presidency</th>
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<td>Harding</td>
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<tr>
<td>Coolidge</td>
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Analyzing Visuals  

7. Analyzing Photographs  Examine the photograph of Calvin Coolidge on this page. How did Coolidge’s actions demonstrate effective leadership following the Harding administration?

Writing About History  

8. Expository Writing  Imagine you are a newspaper reporter during President Harding’s term. Write an article breaking the news of the Teapot Dome scandal.  

CA 11WA2.4a

Picturing History  

Cool Coolidge  President Coolidge believed the nation would run more smoothly if the government was less involved. How did the public react to Coolidge’s message on Election Day?

Checking for Understanding  

1. Vocabulary  Define: presume, normalcy, immunity, integrity, percent.


3. Evaluate  the effects of the Teapot Dome scandal on citizens’ views of the federal government.

Reviewing Big Ideas  

4. Explaining  How did the Ohio Gang tarnish the Harding Administration?
Societies change over time. During the 1920s, mass production and the assembly line revolutionized industry and society. Wages increased and work hours decreased, providing people with more time and more money to spend on new consumer goods. The growing automobile industry gave rise to new businesses and eased the isolation of rural populations. The airline and radio industries also expanded. Advertising became an important tool for selling goods, and more people began to purchase items on credit. While many people benefited from the prosperous economy, farmers suffered from falling agricultural prices when technological advances increased yields.
The Rise of New Industries

**Main Idea** Mass production and the assembly line allowed new industries, such as automobile and airplane manufacturing, to grow.

**Reading Connection** How would businesses, governments, and your family be affected if airline travel did not exist? Read on to learn how the transportation industry changed during the 1920s and 1930s.

The technological innovations of the late 1800s continued to show their effects into the next century. None of them, though, had a greater impact than the automobile.

★ An American Story ★

At around 2:00 a.m. on June 4, 1896, Henry Ford and his friend Jim Bishop readied Ford’s “horseless carriage” for a test. The shop doors were too small for the contraption to pass through, so Ford immediately seized a sledgehammer and began knocking out an opening in the brick. Ford later recalled the scene that followed:

“Mr. Bishop had his bicycle ready to ride ahead and warn drivers of horse-drawn vehicles—if indeed any were to be met with at such an hour. . . . I set the choke and spun the flywheel. As the motor roared and sputtered to life, I climbed aboard and started off. . . .”

There were many such trips in the following days. Bishop would bicycle ahead, stopping at saloons and stores to warn people that they should come out and hold their horses. Many of the onlookers responded by calling out, “Crazy Henry!” As he climbed out of the car, Ford invariably responded, “Yes, crazy. Crazy like a fox.”

—adapted from The Fords: An American Epic

Although neither Henry Ford nor Jim Bishop realized it at the time, “Crazy Henry’s” horseless carriage would revolutionize American transportation and with it American society. By the 1920s, the automobile had become an accepted part of American life. In a 1925 survey conducted in Muncie, Indiana, 21 out of 26 families who owned cars did not have bathtubs with running water. Explaining why her family decided a car was more important than indoor plumbing, a farm wife said, “You can’t ride to town in a bathtub.”

The automobile was just one part of a rising standard of living that Americans experienced in the 1920s. Real per capita earnings, essentially unchanged during the previous 30 years, soared 22 percent. Meanwhile, as Americans’ wages increased, their work hours decreased. In 1923 U.S. Steel cut its daily work shift from 12 hours to 8 hours. In 1926 Henry Ford cut the workweek for his employees from six days to five, and International Harvester, a maker of trucks, tractors, and other farm machinery, instituted an annual two-week paid vacation for employees.

At the same time, the rise of mass production, or large-scale product manufacturing usually done by machinery, created more supply and reduced consumer costs. This formula reshaped the American economy. Within this prosperous and productive atmosphere, innovation thrived and new industries emerged.

**The Assembly Line** Another major industrial development enormously increased manufacturing efficiency. First adopted by carmaker Henry Ford, the assembly line divided operations into simple tasks that unskilled workers could do and cut unnecessary motion to a minimum. In 1913 Ford installed the first moving assembly line at his plant in Highland Park, Michigan. By the following year, workers were building automobiles every 93 minutes. Previously, the task had taken 12 hours. By 1925 a Ford car was rolling off the line every 10 seconds. “The way to make automobiles,” Ford said, “is to make one automobile like another . . . to make them come through the factory all alike, just as one pin is like another pin when it comes from the pin factory.”

Ford’s assembly-line product was the Model T — affectionately called the “Tin Lizzie” or “Flivver.” In 1908, the Model T’s first year, it sold for $850. In 1914 mass production reduced the price to $490. Three years later, improved assembly-line methods and a high volume of sales brought the price down to $360. By 1924 Model Ts were selling for $295, and Ford sold...
millions of them. His business philosophy was simple: lower the cost per car and thereby increase the volume of sales. “Every time I reduce the charge for our car by one dollar,” he boasted, “I get a thousand new buyers.” In this way, Ford made the automobile available to millions of American consumers.

Ford also increased his workers’ wages in 1914 to an unprecedented $5 a day and reduced the workday to eight-hour shifts. Ford took these dramatic steps to build up workers’ loyalty and to undercut union organizers.

There were strings attached, however, to the wage increase. Ford created a “Sociological Department,” which set requirements workers had to meet. For instance, the common practice of renting living space to nonfamily members was strictly forbidden. Investigators visited employees’ homes to verify their eligibility and to see that they spent their wages in approved ways. Workers who transgressed could be disqualified from extra pay, suspended, or even fired.

The low prices made possible by Ford’s mass-production methods not only created an immense market for his cars but also spawned imitators. By the mid-1920s, other car manufacturers, notably General Motors and Chrysler, competed successfully with Ford.

The auto industry spurred growth in other industries, such as rubber, plate glass, nickel, and lead. Automaking alone consumed 15 percent of the nation’s steel, and the flood of cars stimulated a tremendous expansion of the petroleum industry.

**The Social Impact of the Automobile** Henry Ford was the force behind a social revolution related to the automobile. He almost single-handedly changed the auto from a toy of the wealthy to an affordable necessity for the middle class.

Cars revolutionized American life. Although many small businesses declined during the 1920s, the automobile created new small-business opportunities for such enterprises as garages and gas stations.

The automobile eased the isolation of rural life, putting towns within reach of many farmers and the countryside a mere ride away for city dwellers. Cars also enabled more people to live farther from work. An entirely new kind of consumer and worker, the auto commuter, appeared. Commuters lived in growing suburban communities and drove to work in the city.

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**TECHNOLOGY & History**

**The Assembly Line**

The idea of an assembly line had existed before Henry Ford, but he helped popularize its use in manufacturing. Ford combined sub-assembly lines into one continuously moving line, which was positioned at waist level to reduce back strain. Ford’s Highland Park factory featured a multistoried assembly line that reduced the construction time of a single Model T from 12 hours, 8 minutes to 1 hour, 33 minutes. How did Ford’s assembly technique affect the price of his product?

1. **Tires** were assembled and delivered downstairs using chutes.
2. **Engines and gas tanks** were assembled at other ends of the factory floor and delivered to the chassis sub-assembly.
3. **Automobile bodies** were assembled and dropped onto the separately-assembled chassis with a pulley.

In 1914 Ford Motor Company produced 308,162 automobiles—more than all other auto manufacturers combined.
The Consumer Goods Industry  Many other new goods came on the market to take advantage of rising disposable income. Americans bought such innovations as electric razors, disposable facial tissues, frozen foods, and home hair dye.

Many of the new products were created for the home. As indoor plumbing became more common, Americans’ concern for hygiene spawned the development of numerous household cleaning products. By appealing to people’s health concerns, advertisers were able to convince homemakers to buy cleansers to protect their families from disease.

New appliances advertised as labor-savers changed the home. Electric irons, vacuum cleaners, washing machines, refrigerators, gas stoves, and improved glass cookware changed the way people cleaned their homes and prepared meals.

Another lucrative category of consumer products focused on Americans’ concerns with fashion, youthful appearance, and success in personal and business endeavors. Mouthwash, deodorants, cosmetics, and perfumes became popular products in the 1920s.

The Airline Industry  After the successful flight of the Wright brothers at Kitty Hawk in 1903, the aviation industry began to develop rapidly. Leading the way was American inventor Glenn Curtiss. Curtiss owned a motorcycle company in Hammondsport, New York. Fascinated by airplanes, he agreed in 1907 to become director of experiments at the Aerial Experiment Association, an organization founded by Alexander Graham Bell.

Within a year, Curtiss had invented ailerons—surfaces attached to wings that can be tilted to steer the plane. Ailerons made it possible to build rigid wings and much larger aircraft. They are still used on aircraft today. In 1912 Curtiss designed the first flying boat. In 1919 one of his flying boats became the first aircraft to cross the Atlantic.

Curtiss’s company began building aircraft, and it made the first airplane sales in the United States. The company grew from a single factory to a huge industrial enterprise during World War I, as orders flooded in from allied governments for his biplanes and engines. Although Curtiss retired in 1920, his inventions made possible the airline industry that emerged in the 1920s.

After entrepreneurs such as Curtiss started building practical aircraft, the federal government began to support the airline industry. President Wilson’s postmaster general had introduced the world’s first regular airmail service in 1918 by hiring pilots to fly
mail between Washington, D.C., and New York. In 1919 the Post Office expanded airmail service across the continent. The aviation industry received an economic boost in 1925 with the passage of the Kelly Act, which authorized postal officials to contract with private airplane operators to carry mail.

In 1926 the aviation industry received another boost with the passage of the Air Commerce Act, which provided federal aid for building airports. It was the extraordinary transatlantic solo flight of former airmail pilot Charles Lindbergh in 1927, however, that demonstrated the possibilities of aviation and won popular support for commercial flight. By the end of 1928, 48 commercial airlines were serving 355 American cities.

To increase flying, advertisers praised the benefits of commercial flying for business executives, as in this 1928 ad for the Ford Motor Company’s “Trimotor” plane: “When the occasion comes for your first time up, it will not be to ‘joy-ride’ in an antiquated and hazardous machine; but far more probably it will be to reach some distant meeting-place in advance of business competition!”

The Radio Industry In 1912 Edwin Armstrong, an American engineer, invented a special circuit that made long-range radio transmission of voice and music practical. The radio industry began a few years later. In November 1920, the Westinghouse Company broadcast the news of Harding’s landslide election victory from station KDKA in Pittsburgh—one of the first public broadcasts in history. That success persuaded Westinghouse to open other stations. In 1926 the National Broadcasting Company (NBC) established a permanent network of stations to distribute daily programs. By 1927 almost 700 stations dotted the country, and the Federal Radio Commission was established to regulate them. Sales of radio equipment skyrocketed from $12.2 million in 1921 to $842.5 million in 1929, by which time 10 million radio sets were in use in the United States.

In 1928 the Columbia Broadcasting System (CBS) assembled a coast-to-coast network of stations to rival NBC. The two networks sold advertising time and hired popular musicians, actors, and comedians from vaudeville, movies, and the nightclub circuit to appear on their shows. In 1928 Americans experienced complete coverage of the first presidential election campaign conducted over the airwaves, when the radio networks sold more than $1 million in advertising time to the Republican and Democratic Parties.

The Consumer Society

Reading Check Have you ever purchased something with credit or bought an item because of advertising? Read on to discover the beginnings of the widespread consumer culture in America.

Higher wages and shorter workdays resulted in a decade-long buying spree that kept the economy booming. Shifting from traditional attitudes of thrift and prudence, Americans in the 1920s enthusiastically accepted their new role as consumers.

Easy Credit A major aspect of the economic boom was the growth of individual borrowing. The prosperity of the 1920s gave many Americans the confidence to go into debt to buy new consumer goods.

Credit had been available before the boom, but most Americans had considered debt to be shameful. Now, however, American attitudes toward debt started changing as people began believing in their ability to pay their debts over time. Many listened to the sales pitch, “Buy now and pay in easy installments,” and racked up debts for the family car, radio, furniture, washing machine, and vacuum cleaner. Americans bought 75 percent of their radios and...
60 percent of their automobiles on the installment plan. Some started buying on credit at a faster rate than their incomes increased.

**Mass Advertising** When inventor Otto Rohwedder developed a commercial bread slicer in 1928, he faced a problem common to new inventions: the bread slicer was a device that made a product—sliced bread—that no one knew they needed. To create consumers for their new products, manufacturers turned to advertising, another booming industry in the 1920s.

Advertisers created appealing, persuasive messages that linked their clients’ products with qualities associated with the modern era, such as progress, convenience, leisure, success, fashion, and style. In a 1924 magazine advertisement for deodorant, the headline read, “Flappers they may be—but they know the art of feminine appeal!” An advertisement for a prepared spaghetti product told the busy homemaker that heating is the same as cooking: “Just one thing to do and it’s ready to serve.” Advertisers also preyed on consumers’ fears and anxieties, whether they be jarred nerves due to the hectic pace of modern life or insecurities about one’s status or weight.

**The Managerial Revolution** By the early 1920s, many industries had begun to create modern organizational structures. Companies were divided into divisions with different functions, such as sales, marketing, accounting, and operations. To run these divisions, businesses needed to hire managers. Managers freed executives and owners from the day-to-day business of running their companies and allowed them to develop long-range plans and goals.

The managerial revolution in companies created a new career—the professional manager—and companies began to hire large numbers of people with managerial training from business schools. The large numbers of managers helped to expand the size of the middle class, which in turn added to the nation’s prosperity. Similarly, so many companies relied on new technology to drive their business that engineers were also in very high demand. They too joined the ranks of the rapidly growing middle class.

**Welfare Capitalism** Middle-class Americans were not the only members of the new consumer society. Industrial workers also prospered in the 1920s, partly due to rising wages and partly because many corporations introduced what came to be called welfare capitalism. Companies allowed workers to buy stock, participate in profit sharing, and receive benefits such as medical care and pensions.

Benefits programs also made unions seem unnecessary to many workers. During the 1920s, unions lost both influence and membership. Employers promoted the open shop—a workplace where employees were not required to join a union. With benefits covering some of their basic needs, workers were able to spend more of their income. Many eagerly purchased consumer goods they previously could not afford.

**Reading Check** How did advertisers try to convince Americans to buy their products?

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**Farm Wages**

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<tr>
<th>Year</th>
<th>Monthly Wages (including room and board)</th>
</tr>
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<tbody>
<tr>
<td>1920</td>
<td>$30</td>
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<tr>
<td>1922</td>
<td>$35</td>
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<td>1924</td>
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<tr>
<td>1928</td>
<td>$50</td>
</tr>
<tr>
<td>1930</td>
<td>$55</td>
</tr>
</tbody>
</table>

**Source:** Historical Statistics of the United States: Colonial Times to 1970.
The Farm Crisis Returns

**Main Idea** Increases in productivity and decreases in foreign markets led to lower prices for farmers.

**Reading Connection** How often do you eat fresh vegetables and fruit grown by local farmers or your own family? Read on to find out what President Coolidge thought about subsidizing industries such as farming and manufacturing.

American farmers did not share in the prosperity of the 1920s. As a group, they earned less than one-third of the average income for workers in the rest of the economy. Technological advances in fertilizers, pesticides, seed varieties, and farm machinery allowed them to produce more, but higher yields without a corresponding increase in demand meant that they received lower prices. Between 1920 and 1921, corn prices dropped almost 19 percent, and wheat went from $1.83 a bushel to $1.03. The cost to farmers of the improved technology, meanwhile, continued to increase.

**Changing Market Conditions** Many factors contributed to this “quiet depression” in American agriculture. During the war, the government had urged farmers to produce more to meet the great need for food supplies in Europe. Many farmers borrowed heavily to buy new land (at inflated prices) and new machinery in order to raise more crops. Sales were strong, prices were high, and farmers prospered. After the war, however, European farm output rose, and the debt-ridden countries of Europe had little to spend on American farm products. Congress had unintentionally made matters worse when it passed the Fordney-McCumber Act in 1922. This act raised tariffs dramatically in an effort to protect American industry from foreign competition. By dampening the American market for foreign goods, it provoked a reaction in foreign markets against American agricultural products. Farmers in the United States could no longer sell as much of their output overseas, and prices tumbled.

**Helping Farmers** Some members of Congress tried to help the farmers. Every year from 1924 to 1928, Senator Charles McNary of Oregon and Representative Gilbert Haugen of Iowa proposed the McNary-Haugen Bill, which called for the federal government to purchase surplus crops and sell them abroad while protecting the American market with a high tariff. They believed their plan would immediately raise the domestic price of crops, aiding farmers as the Fordney-McCumber tariffs helped manufacturers.

Congress passed the bill twice, but President Coolidge vetoed it both times. He argued that with money flowing to farmers under this law, the farmers would be encouraged to produce even greater surplus volumes, which the government would be unable to sell. American farmers remained mired in recession. Their problems would only grow worse when the Great Depression began in 1929.

**Reading Check** Synthesizing What factors led to the growing economic crisis in farming in the 1920s?

**HISTORY Online**

For help with the concepts in this section of *American Vision: Modern Times* go to trev.mt.glencoe.com and click on *Study Central.*

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**SECTION 2 ASSESSMENT**

**Checking for Understanding**

1. **Vocabulary** Define: mass production, innovation, assembly line, consumer, structure, welfare capitalism, open shop.


3. **Summarize** the factors that led to the new consumer society in the United States during the 1920s.

**Reviewing Big Ideas**

4. **Describing** How did the automobile impact American society?

5. **Analyzing** How did the United States government help spur the growth of the airline industry?

6. **Organizing** Use a graphic organizer similar to the one below to list some of the new industries that grew in importance during the 1920s.

**Writing About History**

7. **Expository Writing** Write an article for a contemporary newspaper analyzing the impact of Charles Lindbergh’s transatlantic flight on the development of aviation in the United States and the world.  

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**Analyzing Visuals**

7. **Analyzing Advertisements** Examine the advertisement on page 453. How did the growing consumer culture impact the nation’s economy?
CHAPTER 8 Normalcy and Good Times

The Policies of Prosperity

Guide to Reading

Connection
In the previous section, you learned how industry changed society. In this section, you will discover how the government encouraged the economic growth of the 1920s.

Main Idea
• During the 1920s, Andrew Mellon and Herbert Hoover worked to improve business efficiency and promote economic growth. (p. 457)
• Although the United States returned to a policy of isolationism after World War I, various treaties attempted to limit the arms trade and the possibility of a future war. (p. 458)

Content Vocabulary
supply-side economics, cooperative individualism, isolationism, moratorium

Academic Vocabulary
principle, philosophy, reverse

People and Terms to Identify
Charles G. Dawes, Charles Evans Hughes, Kellogg-Briand Pact

Reading Objectives
• Explain Andrew Mellon’s economic strategies for maintaining prosperity.
• Describe how the United States remained involved in world affairs without joining the League of Nations.

Reading Strategy
Organizing As you read about government policies in the 1920s, complete a graphic organizer similar to the one below by filling in ways the government attempted to stimulate economic growth and prosperity.

Preview of Events

The Policies of Prosperity

Ways to Stimulate Growth and Prosperity

✦ 1920
✦ 1923
✦ 1926
✦ 1929

1921 Washington Conference begins discussing naval disarmament
1922 Fordney-McCumber Act passed
1924 Dawes Plan negotiated with France, Britain, and Germany
1928 Kellogg-Briand Pact signed by 15 nations

The following are the main History–Social Science Standards covered in this section.

11.4 Students trace the rise of the United States to its role as a world power in the twentieth century.
11.4.3 Analyze the political, economic and social ramifications of World War I on the home front.
11.4.6 Trace the declining role of Great Britain and the expanding role of the United States in world affairs after World War II.
11.5 Students analyze the major political, social, economic, technological, and cultural developments of the 1920s.
11.5.1 Discuss the policies of Presidents Warren Harding, Calvin Coolidge, and Herbert Hoover.

The Big Idea

Societies change over time. Under the guidance of Secretary of the Treasury Andrew Mellon, the government created policies that encouraged economic growth and contributed to the stock market boom. Mellon focused on reducing the federal debt and lowering taxes. President Hoover also created agencies to help American businesses prosper. Although many Americans favored isolationism, the country had grown too powerful to remain completely isolated. The United States tried unsuccessfully to help European countries repay war debts. During the Washington Conference, the United States and eight other nations took steps to avoid future wars and end the naval arms race.
Promoting Prosperity

During the 1920s, Andrew Mellon and Herbert Hoover worked to improve business efficiency and promote economic growth.

Reading Connection Have you ever used a credit card or purchased something on credit? Read on to learn how Andrew Mellon, the Secretary of the Treasury, tried to reduce the nation's debt.

Andrew Mellon became the chief architect of economic policy in the United States in the 1920s, and he served as secretary of the treasury in three successive Republican administrations.

Andrew W. Mellon

★ An American Story ★

After Election Day 1920, President-elect Harding began searching for a qualified American to serve as secretary of the treasury. The leading candidate was Andrew W. Mellon, a successful banker and industrialist, but Harding worried about Mellon’s ties to industry and his relative anonymity. Harding’s campaign manager, Harry Daugherty, reassured the president with a ringing endorsement of Mellon:

“A man who can quietly make the millions this modest-looking man has gathered in is little short of a magician. If there is one thing he knows it’s money. He will make for you the greatest Secretary of the Treasury since Alexander Hamilton....”

—adapted from Mellon’s Millions

Harry Daugherty’s confidence in Andrew Mellon proved to be well founded. Mellon’s policies encouraged growth and led to a stock market boom.

The Mellon Program Mellon firmly believed that the government should apply business principles to its operations. In 1921 he convinced Congress to create both the Bureau of the Budget to prepare a unified federal budget and the General Accounting Office to track government spending.

When Mellon took office, he had three major goals—to balance the budget, to reduce the government’s debt, and to cut taxes. He was convinced that these policies would ensure prosperity.

Mellon began by cutting government spending. The federal budget fell from $6.4 billion to less than $3 billion in seven years. One major expense was the interest on the national debt. World War I costs had raised the debt from $5.7 billion in 1917 to almost $26 billion by 1920. Mellon refinanced the debt to lower the interest on it and persuaded the Federal Reserve to lower its interest rates as well. These steps, combined with increased tax revenue from the nation’s economic boom, reduced the debt by $7 billion between 1921 and 1929.

Mellon also focused on reducing tax rates. He believed that high taxes reduced the money available for private investment and prevented business expansion. Mellon further argued that high tax rates actually reduced the amount of tax money the government collected. If taxes were lower, businesses and consumers would spend and invest their extra money, causing the economy to grow. As the economy grew, Americans would earn more money, and the government would actually collect more taxes at a lower rate than it would if it kept tax rates high. This idea is known today as supply-side economics.

At Mellon’s urging, Congress dramatically reduced tax rates. When Mellon took office, most taxpayers paid 4 percent federal income tax, while wealthy Americans in the highest bracket paid 73 percent. By 1928 most Americans paid .5 percent while the wealthiest Americans paid 25 percent. While many of Mellon’s economic policies were beneficial in the short-term, they would contribute to the stock market crash in 1929 and the Great Depression.

Hoover’s Cooperative Individualism Mellon’s program was only part of the government’s effort to promote economic growth. Secretary of Commerce Herbert Hoover tried to promote economic stability in various industries by balancing government...
regulation with his own philosophy of cooperative individualism. This idea encouraged manufacturers and distributors to form their own trade associations, which would voluntarily share information with the government. Hoover believed this system would promote economic efficiency.

To assist American businesses, Hoover also created several other agencies. He expanded the Bureau of Foreign and Domestic Commerce to find new markets and business opportunities for American companies. He also established the Bureau of Aviation to regulate and support the airline industry and the Federal Radio Commission, which set rules regarding radio frequencies and radio transmitters.

Reading Check Evaluating What government policies were intended to promote economic growth and improve business efficiency in the 1920s?

Trade and Arms Control

Main Idea Although the United States returned to a policy of isolationism after World War I, various treaties attempted to limit the arms trade and the possibility of a future war.

Reading Connection Do you think it is possible to have a world without war? Read on to discover attempts to ensure peace after World War I ended.

Before World War I the United States had owed billions of dollars more to foreign investors than foreigners owed to Americans. By the end of the war, the situation was reversed. Former wartime allies owed the United States more than $10 billion in war debts incurred for food and armaments. By the 1920s the United States was the dominant economic power in the world—its national income far greater than that of Britain, Germany, France, and Japan combined. This new power presented the United States with a unique diplomatic challenge.

Isolationism In his victory speech after the 1920 election, President Harding declared the issue of American involvement in the League of Nations “deceased.” The majority of Americans, tired of being entangled in the baffling, mutually hostile, and dangerous politics of Europe, favored isolationism. They simply wanted to be left alone to pursue prosperity.

The United States, however, was too powerful, too economically interconnected with other countries, and too widely involved in international affairs to retreat into isolationism. American delegations participated in many League conferences. It was United States policy to promote peace through agreements with individual countries rather than doing so through the collective efforts of the League. Total isolationism became difficult, if not impossible.

The Dawes Plan The United States’s former wartime allies had difficulty making the payments on their immense war debts. They claimed that high American tariffs had closed the American market to their products and hampered their economic recovery. If they could not sell their products in the United States, they could not acquire the money they needed to pay off their war debts. They also argued that the United States should be willing to bear more of the financial burden because it had suffered far fewer wartime casualties than its allies.

The United States government took the stance that American taxpayers should not be asked to assume the debts of others. American officials argued further that America’s allies had gained new territory as a result of the victory over Germany, while the United States had gained nothing. These countries also were receiving reparations—huge cash payments Germany was required to make as punishment for starting the war and causing so much destruction. These payments, however, were completely crippling the German economy.

It was vital for the United States that European economies be healthy so that the Europeans could buy American exports and repay their war debts. Thus, in 1924, Charles G. Dawes, an American
banker and diplomat, negotiated an agreement with France, Britain, and Germany by which American banks would make loans to the Germans that would enable them to meet their reparations payments. At the same time, Britain and France would accept less in reparations and pay more on their war debts.

Although well intended, the Dawes Plan did little to ease Europe’s economic problems. Britain, France, and Germany went through the motions of paying what they owed while in fact going deeper into debt to American banks and corporations.

The Washington Conference  Despite severe economic hardship, the major powers were involved in a costly postwar naval arms race. To help halt this arms race, the United States invited representatives from eight major countries—Great Britain, France, Italy, China, Japan, Belgium, the Netherlands, and Portugal—to Washington to discuss disarmament. The Washington Conference opened on November 12, 1921.

In his address to the delegates, Secretary of State Charles Evans Hughes proposed a 10-year moratorium—or pause—on the construction of major new warships. He also proposed a list of warships in each country’s navy to be destroyed, beginning with some American battleships. The delegates cheered Hughes’s speech and then entered into lengthy negotiations.

Their efforts produced three agreements. In the Five-Power Naval Limitation Treaty, Britain, France, Italy, Japan, and the United States essentially formalized Hughes’s proposal. The Four-Power Treaty between the United States, Japan, France, and Britain recognized each country’s island possessions in the Pacific. Finally, all the participating countries signed the Nine-Power Treaty, which guaranteed China’s independence.

As a long-term effort to prevent war, the conference had some serious shortcomings. It did nothing to limit land forces. It also angered the Japanese because it required Japan to maintain a smaller navy than either the United States or Great Britain. It did, however, give Americans cause to look forward to a period of peace, recovery, and prosperity.

Abolishing War  The apparent success of the Washington Conference boosted the belief that written agreements could end war altogether. Perhaps the highest expression of that idea occurred when U.S. Secretary of State Frank Kellogg and French Foreign Minister Aristide Briand proposed a treaty to outlaw war. On August 27, 1928, the United States and 14 other nations signed the Kellogg-Briand Pact. Eventually 62 nations ratified it.

Though it had no binding force, the pact was hailed as a victory for peace. It stated that all signing nations agreed to abandon war and to settle all disputes by peaceful means. The Kellogg-Briand Pact and the Dawes Plan were perhaps the most notable foreign policy achievements of the Coolidge administration.
In the 1920s, new technologies transformed the lives of Americans. The automobile and the radio reduced the distance between people and communities. New household appliances altered people’s lives. In often-heated debates, Americans argued about the value of these new machines and gadgets.

**SOURCE 1:**

Stephanie Kosior married a Connecticut farmer with three children. She was responsible for handling all of the household work. In the 1920s, the Kosior farm was not equipped with modern appliances. In a radio broadcast aired in 1981, she talked about those days.

[W]e had one of those cast iron stoves. Well, I had to have that wood stove going in the summer to cook and bake. You know, I used to say this, thinking out loud, I said, “I’ve got to get out of this kitchen or I’m gonna go crazy.” This, you know, the heat. You look at today, now, do you realize how I appreciate that hot water? You know, so many years, and I still don’t take it for granted. Having all the hot water I want. Or having an automatic machine. You know what means to me? Today, the modern women, they take all that for granted.

When I got my automatic washing machine, I couldn’t believe it. You know what I was doing? I was looking for any kind of laundry, just so I could use that. I couldn’t believe that I could put my clothes in there, and that they got washed and rinsed automatically. Because what I used to do, the blankets I used to wash by hand, and rinse them. Can you like think about all that now? A lot of the, you know, those farm women that worked so hard, and got oh so many different problems later, physical, as a result. . . .

. . . Do you realize I had to keep putting fuel wood in that stove, in that heat, and. . . . Can you imagine the heat in that kitchen? . . . That’s one thing I don’t think I ever want to do again.

Oh no, it’s easy now. They have conveniences now, canners, electricity, electric stoves, fans. It was a tough life. . . .

**SOURCE 2:**

In the mid-1920s, the General Federation of Women’s Clubs conducted a survey that indicated most women preferred to own automobiles, telephones, and radios rather than vacuum cleaners and sewing machines. The organization concluded that women wanted to escape boredom more than avoid hard work. In a letter to the March 1926 Women’s Home Companion, Mrs. C.S. of Washington challenged this idea.

The radio, the piano, and so on, elbowing the washboard and tubs, are viewed with amazement. Here is where you lost the meaning of it all.

The Mother doesn’t have time, in her inefficient kitchen routine, to enjoy these things, as you suggest. Her life is a perpetual round of recurring tasks. Why, then, did she consent to the purchase of these things?

Her job is to make a happy home. She must establish good conditions for the family, to secure normal lives for the children, and hold them in a charmed circle until they are strong enough for the world’s temptations, despite the poverty. . . .

First meal cooked using an electric range
I am in a log shack in Canada’s northland. . . . Three bosom friends are here in the shack with me—my ax, my dog, and my **wireless** receiving set. These are vital possessions. If I lose my ax, a frozen death awaits me when the wood fire dies. If I lose my dog—well, you who love your dogs in places where human friends abound just remember where I am. If I lose my wireless set, then I am again cut off from the great outside world which I have so recently regained. . . .

I reach over and touch a switch and the music of an orchestra playing at Newark, N.J., fills the room. . . . A slight turn of the magic knob and I am at Pittsburgh, Pa., listening to a man telling stories to thousands of America’s listening children. With that magic knob I can command the musical programs and press news sent out from a dozen radio broadcasting stations. At will I amuse myself or garner the details of a busy world where things are happening. . . .

. . . I may be at “the back of beyond,” but the whole world has marched right up to the edge of the little copper switch at my elbow.

If to-morrow some great fortune would grant me three hundred dollars would I cast away my tubs and **washboard**, with which I weekly grind out the family washings? Or equip my ancient kitchen with the loveliness of **linoleum**, gas range, kitchen cabinet? Or indulge in refrigerator, washer, and electric iron?

Alas, no, though my heart yearns for them. I would buy a piano that these children might learn right now, as they should, the love of music. I would buy good books and some better furniture to make the home brighter for them. For now is the time they need such things so badly, not a few years later, say after Mother has had her kitchen modernized.

That is what the statistics you gathered say to me, a humble but ambitious mother.

**SOURCE 3:**

_M.J. Caveney, writing in the April 1920 Collier’s magazine, described the effects of the new medium of radio on life in the northern wilderness._

If to-morrow some great fortune would grant me three hundred dollars would I cast away my tubs and **washboard**, with which I weekly grind out the family washings? Or equip my ancient kitchen with the loveliness of **linoleum**, gas range, kitchen cabinet? Or indulge in refrigerator, washer, and electric iron?

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**SOURCE 3:**

_M.J. Caveney, writing in the April 1920 Collier’s magazine, described the effects of the new medium of radio on life in the northern wilderness._

1. **washboard:** a metallic board on which clothes were rubbed during washing
2. **linoleum:** a smooth-surfaced floor covering

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**DBQ Document-Based Questions**

**Source 1:** How did new household appliances improve Kosior’s life?

**Source 2:** How did Mrs. C.S. disagree with the survey on modern technology?

**Source 3:** What was the effect of radio upon Caveney?

**Comparing and contrasting sources:**

How do Kosior, Mrs. C.S., and Caveney agree in their views about the impact of new technologies and the value of these technologies?
Section 3

23. What were Andrew Mellon’s strategies for maintaining post-war American prosperity?

24. What was the goal of the Kellogg-Briand Pact?

Critical Thinking

25. **Summarizing** Summarize the United States’s attempts at trade and arms control during the 1920s. Do you think these attempts were effective?

26. **Civics** Based on what you know, why did people support Robert La Follette in the election of 1924? Explain what role a third-party candidate may play in presidential elections.

27. **Organizing** Use a graphic organizer like the one below to list the factors that helped create a new consumer society in the United States during the 1920s.

Reviewing Content Vocabulary

On a sheet of paper, use each of these terms in a sentence.

1. normalcy
2. immunity
3. mass production
4. assembly line
5. welfare capitalism
6. open shop
7. supply-side economics
8. cooperative individualism
9. isolationism
10. moratorium

Reviewing Academic Vocabulary

On a sheet of paper, use each of these terms in a sentence that reflects the term’s meaning in the chapter.

11. presume
12. integrity
13. percent
14. innovation
15. consumer
16. structure
17. principle
18. philosophy
19. reverse

Reviewing the Main Ideas

**Section 1**

20. How did President Coolidge restore public confidence?

**Section 2**

21. What were four new industries, besides the automobile industry, that grew in importance during the 1920s?

22. How did Henry Ford increase worker loyalty and impact the labor movement?

**New Consumer Society**

- More disposable income
- More leisure time
- Easily available credit
- Mass advertising

**Business Innovation**

- Mass production reduced prices
- Technology such as autos, airplanes, and radios led to new industries
- New consumer goods fueled manufacturing boom

**Government’s Role**

- Minimal interference with business
- Cut government spending and debt
- Eliminated or reduced taxes
- High tariffs

**Prosperity**
Writing About History

28. Analyzing Economic Behavior
Research the production of the personal computer during the last 30 years. Explain how computers have impacted the U.S. economy. Has their use increased or decreased? How has the price of computers changed? Have new industries been created?

29. Describe how automobiles changed the standard of living during the 1920s. Explain their cultural and economic effects on society.

30. Interpreting Primary Sources In December 1928, President Coolidge delivered his annual State of the Union message to Congress. Read the excerpt and answer the questions that follow.

"The great wealth created by our enterprise and industry, and saved by our economy, has had the widest distribution among our own people, and has gone out in a steady stream to serve the charity and the business of the world. The requirements of existence have passed beyond the standard of necessity into the region of luxury.

... The country can regard the present with satisfaction and anticipate the future with optimism. The main source of these unexplained blessings lies in the integrity and character of the American people. They have had great faith, which they have supplemented with mighty works. ... Yet these remarkable powers would have been exerted almost in vain without the constant cooperation and careful administration of the Federal Government. ...

—from President Coolidge’s Annual Message to Congress, December 4, 1928

a. According to Coolidge, how should Americans feel about the present economy and the future economy?

b. Whom does Coolidge credit for U.S. prosperity?

Economics and History

31. The graph above shows the cost of a new Model T automobile between 1908 and 1924. Study the graph and answer the questions below.

a. Interpreting Graphs By how much did the cost of the Model T drop from 1908 to 1920?

b. Evaluating How was Henry Ford able to lower the price of the Model T?

Standards Practice

Directions: Choose the phrase that best completes the following sentence.

32. One of the effects of World War I on the American economy was

A a sharp rise in unemployment.
B stronger government control over industry.
C a sharp decrease in taxes.
D the abolition of labor unions, which were seen as unpatriotic.

Standard 11.4.5: Analyze the political, economic, and social ramifications of World War I on the home front.