

UNIT 4 - DAY 8

**SUPERFICIAL
PROSPERITY**



THE AMERICAN ECONOMY

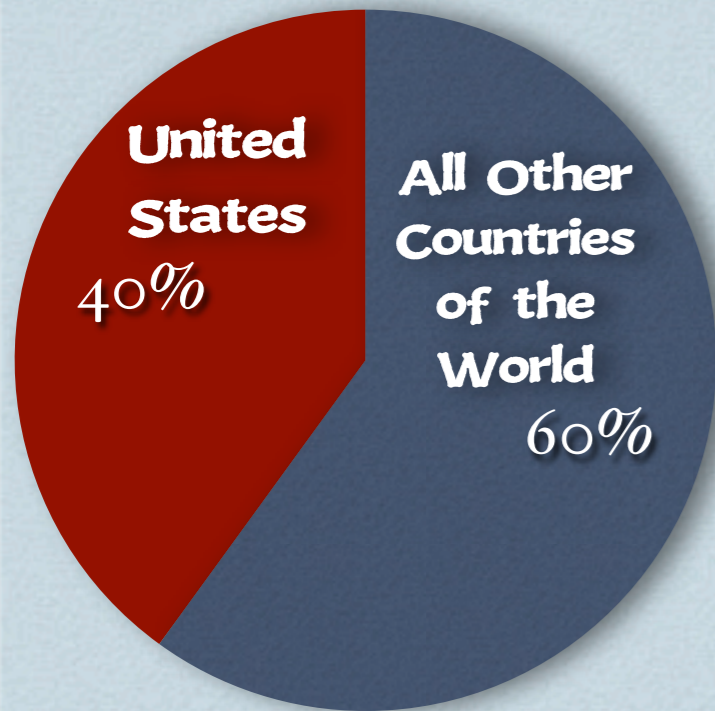
DURING THE 1920s

ANALYSIS

BASED ON THE DATA PROVIDED, WHAT HAPPENED TO THE US ECONOMY DURING THE ROARING TWENTIES?

WORLD WEALTH DISTRIBUTION

1920 - 1929



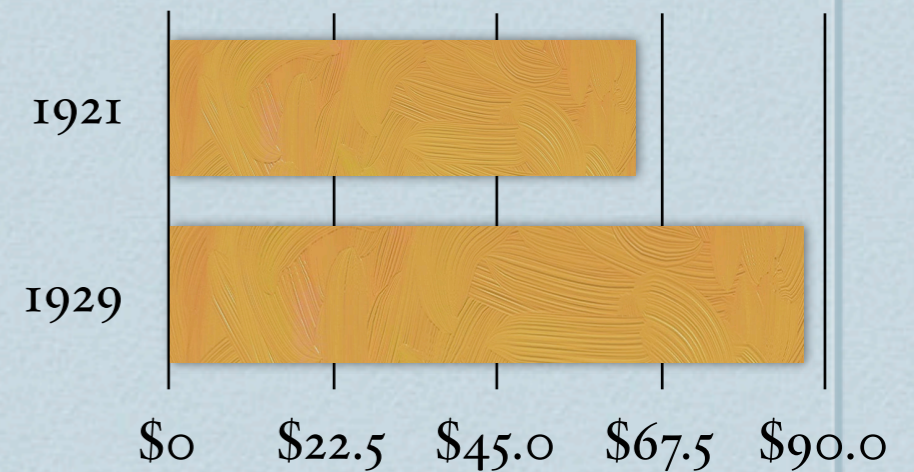
AVERAGE ANNUAL INCOME

1920 - 1929



US NATIONAL INCOME (IN BILLIONS)

1921 - 1929





RECIPE FOR THE

2020s

ECONOMIC

BOOM



NEW TECHNOLOGIES LED TO INCREASED WAGES



LOWER INCOME TAX RATES MEANT MORE INCOME FOR AMERICAN CONSUMERS TO SPEND



INCREASED PRODUCTIVITY MEANT MORE PRODUCTS FOR CONSUMERS



HIGHER TARIFFS ON IMPORTS LED TO INCREASED PROFITS FOR AMERICAN FIRMS



EASILY AVAILABLE CREDIT ALLOWED CONSUMERS TO SPEND BEYOND THEIR MEANS

AMERICAN SPENDING SPREE



1920s America was flush w/ income and Americans were eager to spend

they mostly bought newly innovated goods that made life easier

As electricity spread, consumers bought up home electrical appliances

Electric refrigerators, washers, and stoves made life easier, gave Americans leisure time

Mass production techniques made these goods more readily available and drove down prices

Electric appliances were common in urban and suburban homes, but most rural homes still lacked electricity

THE BIRTH OF ADVERTISING

KITCHEN MAID STANDARD KITCHEN UNITS



**“Light a Lucky
and you’ll never miss sweets
that make you fat”**

Constance Talmadge
Constance Talmadge,
Charming Motion
Picture Star

INSTEAD of eating between meals... instead of fattening sweets... beautiful women keep youthful slenderness these days by smoking Luckies. The smartest and loveliest women of the modern stage take this means of keeping slender... when others nibble fattening sweets, they light a Lucky!

Lucky Strike is a delightful blend of the world's finest tobaccos. These tobaccos are toasted—a costly extra process which develops and improves the flavor. That's why Luckies are a delightful alternative for fattening sweets. That's why there's real health in Lucky Strike. That's why folks say: “It's good to smoke Luckies.”

For years this has been no secret to those men who keep fit and trim. They know that Luckies steady their nerves and do not harm their physical condition. They know that Lucky Strike is the favorite cigarette of many prominent athletes, who must keep in good shape. They respect the opinions of 20,679 physicians who maintain



The **flood of new goods** in the market and **consumerism** fed the **ad industry**

THE ADVERTISEMENT INDUSTRY ITSELF MADE HUGE PROFITS SELLING ADS AND CONSULTING FIRMS

Ads **increased consumer demand** for and **informed buyers** of new goods

ADS APPEALED TO PEOPLE'S DESIRE FOR YOUTH, WEALTH, AND BEAUTY, AND **PLAYED ON FEARS**

ADS CONVINCED BUYERS THAT LUXURIES WERE **NECESSITIES**, AND **BRAND NAMES** BECAME FAMILIAR

Slogans like **“Say it with flowers”** and **“Reach for a Lucky instead of a sweet”** influenced buyer's spending

THE DECADE OF THE CAR



The car changed America **FOREVER!**

#1 FORD'S ASSEMBLY LINE

Henry Ford employs his assembly line in Ford car plants nationwide

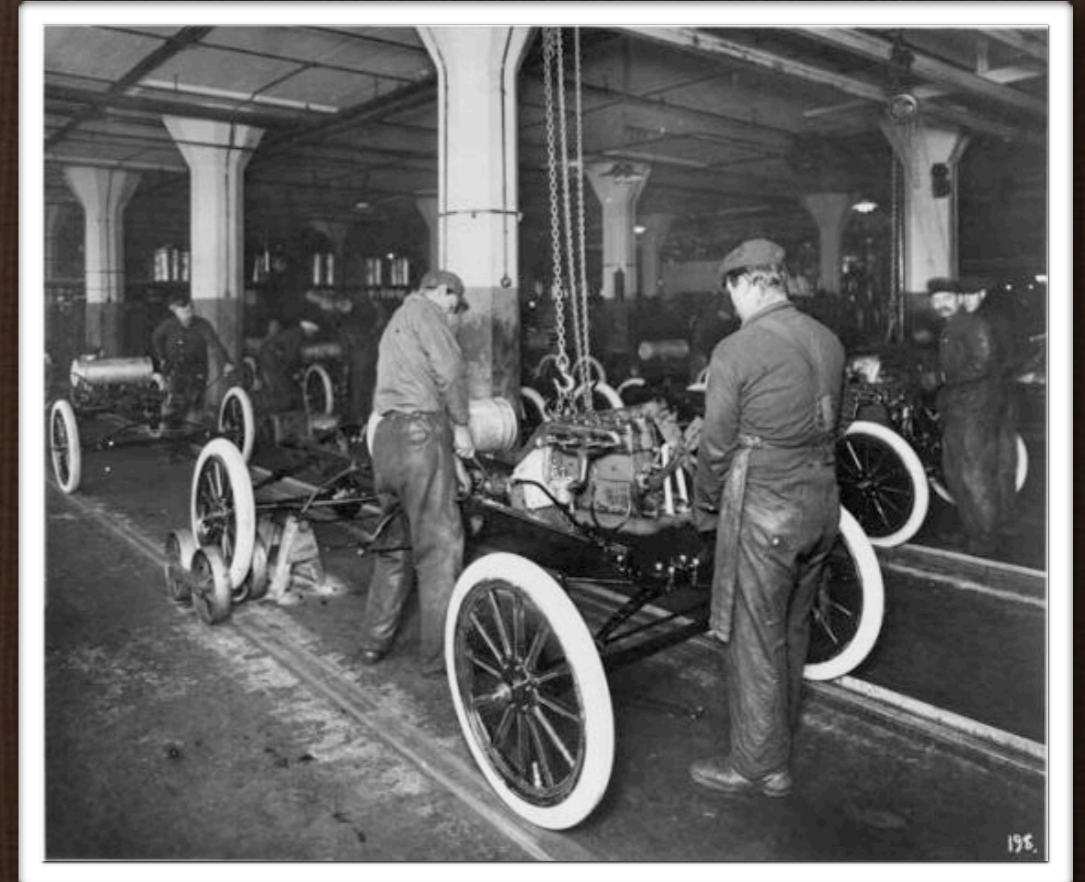
THE ASSEMBLY LINE STANDARDIZED CAR PRODUCTION, MAKING IT FASTER AND CHEAPER TO PRODUCE CARS. THIS TECHNOLOGY SPREAD TO OTHER INDUSTRIES, MAKING ALL GOODS CHEAPER AND MORE ABUNDANT.

#2 AMERICAN LANDSCAPE

Paved roads, interstate routes, new towns and businesses along routes

EVEN NEW HOMES WERE BUILT WITH GARAGES, CARPORTS, AND DRIVEWAYS TO ACCOMMODATE CARS





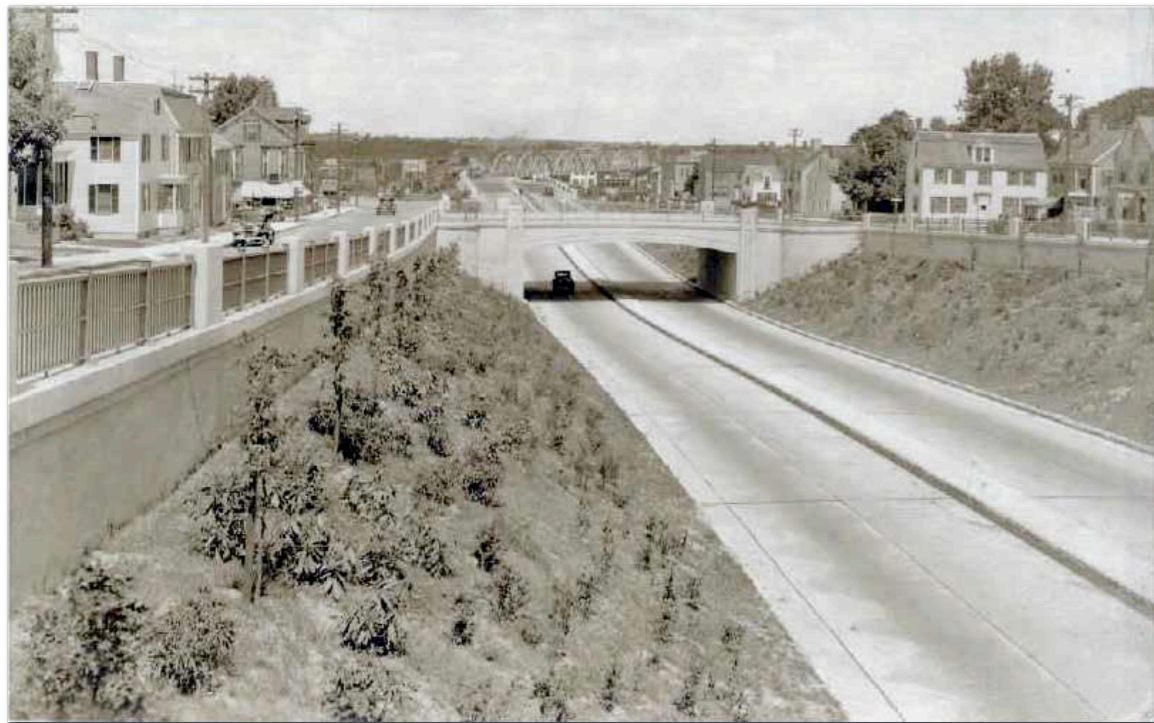
By **OCTOBER 31, 1925**, Ford plants produced **9,109 NEW MODEL-Ts**. That translates to **ONE FOR EVERY 10 SECONDS OF THE WORKING DAY**. With this kind of efficiency, Ford was able to lower the price from **\$850 in 1908** to **\$300 by 1926**.

THE DECADE OF THE CAR

#3 URBAN SPRAWL

Highways caused cities to expand outward and the suburbs flourished

WORKERS MOVED OUT OF THE CITY AND DROVE INTO WORK, GETTING AWAY FROM OVERCROWDING RURAL FAMILIES GAINED MOBILITY, MARKETS WERE CONNECTED FASTER, TRAVEL BECAME INDEPENDENT



#4 INDUSTRIES FLOURISH

The car boom led to a boom in the steel, rubber, glass, & oil industries

Cities that produced cars exploded, like Pontiac MI, Flint MI, and Detroit

BUT WAIT! THE US WAS ONLY EXPERIENCING

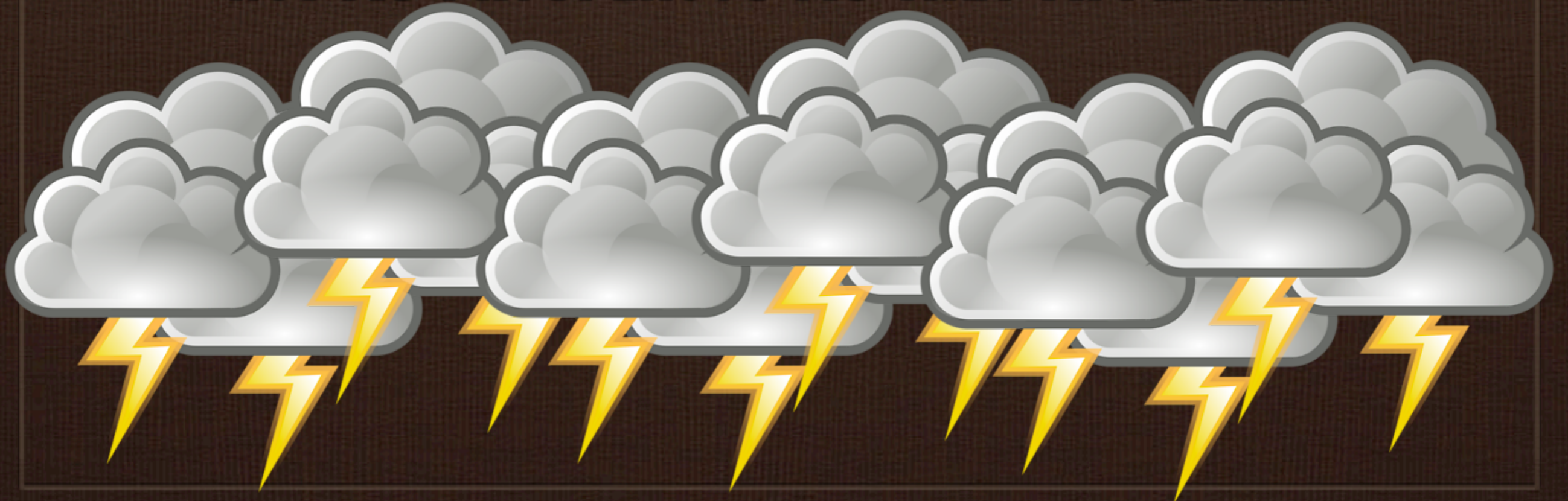
SUPERFICIAL

"SHALLOW, ON THE SURFACE,
OUTWARD"

PROSPERITY

"SUCCESS, THRIVING"

THERE WERE **TWO SIGNS** THAT TIMES WERE PERHAPS
NOT AS PROSPEROUS AS THEY APPEARED!



BUYING GOODS ON CREDIT

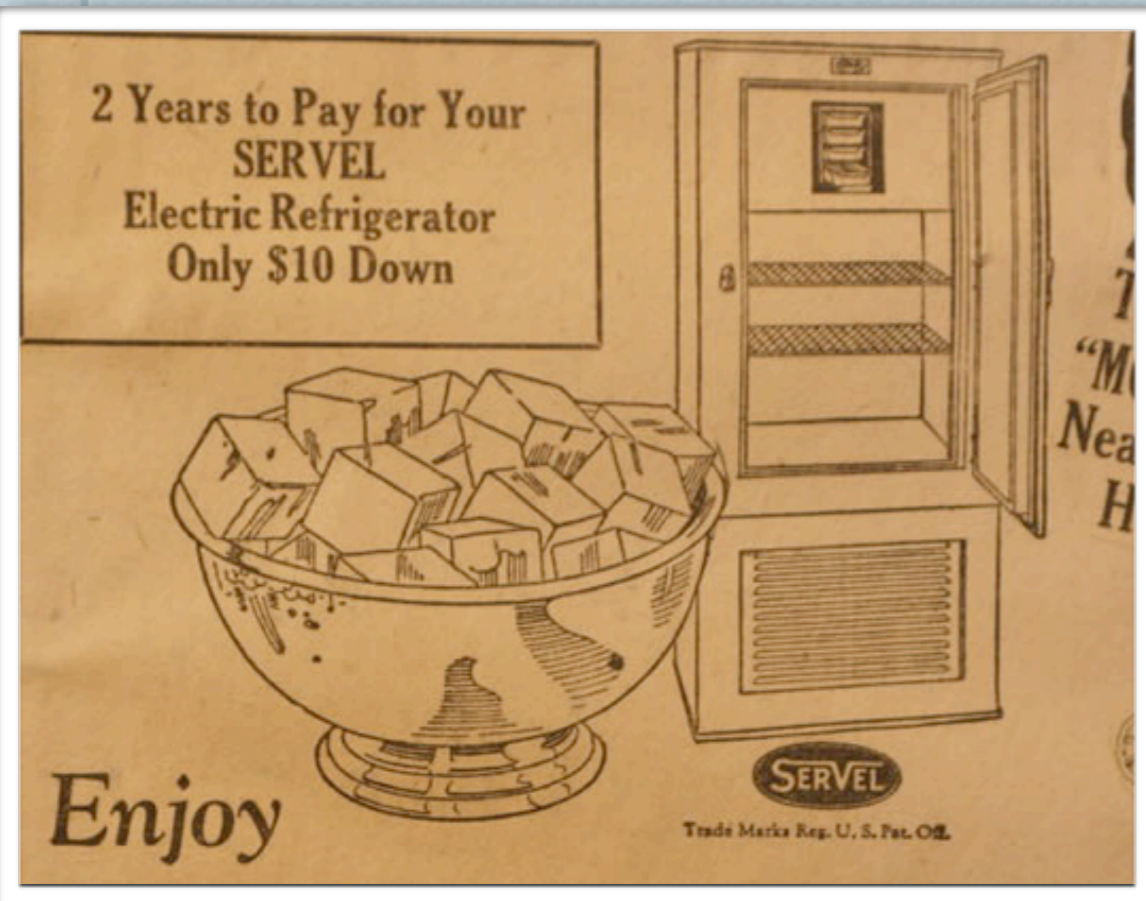


To keep pace w/ CONSUMERISM, AMERICANS **borrowed money** to spend **DESPITE INCREASED WAGES, MOST CONSUMERS SPENT BEYOND THEIR MEANS TO FUEL CONSUMERISM**

Installment plans advertised a "Buy now, Pay Later" approach

BUYERS COULD PUT A SMALL PORTION DOWN AND PAY BACK LOANS OVER TIME AT LOW INTEREST
CREDIT ATTRACTED CONSUMERS B/C THEY COULD ENJOY THEIR GOODS W/O WAITING TO PAY IT OFF

Fundamentally, it was a **weakness** b/c most consumers spent **w/o regard to how to pay back credit** in the future



ECONOMIC INEQUALITIES



AS CORPORATIONS MERGED AND EARNED MASSIVE PROFITS, OTHERS DECLINED

KEY AMERICAN INDUSTRIES LIKE IRON AND RAILROADS STRUGGLED TO SURVIVE AND TOOK LOSSES

FARMERS STRUGGLED THE W/ POST-WAR SURPLUS OF CROPS & CHEAP CROP PRICES

THEY GREW MORE CROPS THAN WE COULD CONSUME & STRUGGLED TO BRING IN REVENUE TO PAY LOANS

ADDITIONALLY, THE DECADENCE OF THE RICH MASKED THE GROWING INCOME GAP THE NUMBER OF POOR AMERICANS GREW, AS TOP INCOME GREW FASTER THAN WORKERS INCOME WHILE THE RICH PLAYED, THE POOR STARVED

