



Mass production was so efficient that it **flooded the market with goods** - bringing down prices as a result

**Construction** began to slow in 1926 and **car** sales slowed in 1929.

American **PROTECTIONIST POLICIES** inflicted vast tariffs on non US goods but this led to serious export problems as the US found it hard to export.



The 1920's seems at first glance to be a time of endless economic growth and prosperity

HOWEVER, that is far from the truth. A significant number of Americans do not have a booming 1920's and many of the economic weaknesses are already apparent in the early 1920s

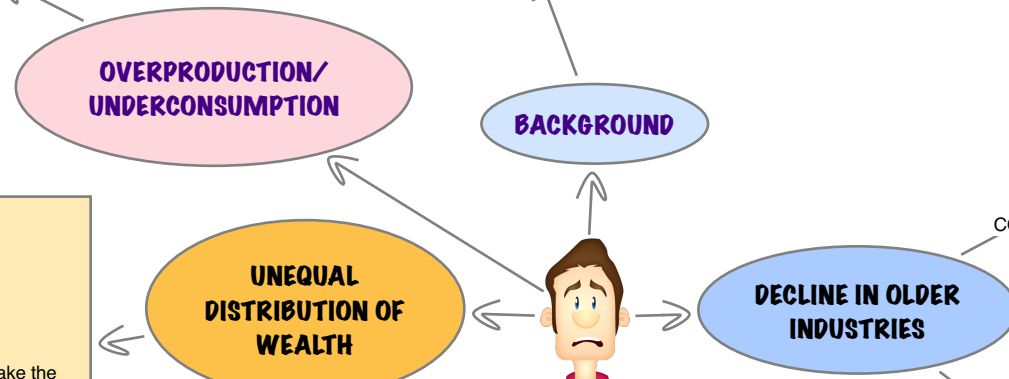


### THE COAL INDUSTRY

Coal had employed hundreds of thousands across the USA and reached its heights of employment and sales during the First World War when wartime demand drove up wages and prices

HOWEVER, the 1920's proved to be a terrible decade for the industry

- Sales slumped after the war as other countries began producing again
- OIL was discovered in vast quantities at Spindle top in TEXAS. It became cheaper than water and soon began to replace the dirtier coal as fuel
- Cars became very popular. They ran on petrol.
- Steam trains, which had been a major market for coal, declined in popularity.
- Export markets were severely reduced due to very high US tariffs which were retaliated against by other countries.
- MECHANISATION- new mining machines such as the JOY LOADING MACHINES produced coal much more efficiently. However, this reduced employment and caused overproduction.
- **OVERPRODUCTION.** The USA was producing more coal than ever before at a time when **demand was falling**. This was over production and severely affected the **price of coal**.
- Over **100,000** people lost their jobs in mining.
- US Miners were paid about **1/3rd of the average US wage**
- poor industrial relations meant that strikes were common. Mine owners employed security firms to keep order. A huge 1921 confrontation became known as the battle of **BLAIR MOUNTAIN** and involved up to 10,000 miners.
- The government believed in **Laissez Faire** and would not intervene.



### GROUPS WHO LOST OUT

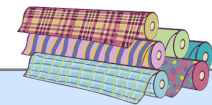
- NATIVE AMERICANS**  
most live in poverty on poorly managed reservations.
- AFRICAN AMERICANS**  
Many suffer terribly especially sharecroppers and poor labourers in the south. Many take the major step of leaving for the north. In the north many end up in squalid ghettos with poor housing, low paid work and disease.
- RURAL AMERICANS**  
Many live in poverty. Up to 90% have no electric and many of the benefits of economic boom are not felt in agriculture.
- UNEMPLOYED**  
despite all the new industries, much of the work is carried out through mechanisation so doesn't need as many workers. Therefore unemployment remained stubbornly high at about 2 million.

### AGRICULTURE

Agriculture still made up vast amounts of employment in the USA in the 1920's

HOWEVER, the 1920's proved to be a terrible decade for agriculture

- Sales slumped after the war as other countries began producing again
- **Prohibition** decimated the sales of **wheat and barley** as breweries and distillers closed.
- Government had encouraged the farmers to invest in new machinery such as **tractors and combine harvesters**. These were very expensive and many farmers bought them on **credit**.
- This **mechanisation** reduced the need for employment. It also **boosted productivity** to the extent that it **far exceeded domestic demand**. Prices tumbled as a result. any profits could be lost on the transportation to market. The **price of Wheat halved** in value! Farm income almost halved from \$22 Billion to \$13 Billion
- **Export** markets were severely reduced due to very high US tariffs which were retaliated against by other countries.
- **DISEASES** like BOLL WEEVIL and CURLY TOP VIRUS affected many crops especially sugar beet.
- Over **500,000** farmers lost their farms in the 1920's. **1/4 of farms were sold**
- Farm workers paid only about 1/3rd of US average.
- **Sharecroppers** especially affected and this led to the Great migration.
- The government believed in **Laissez Faire** and would not intervene. The US CONGRESS tried to introduce a **FARM RELIEF BILL** but this was **VETOED** by President **COOLIDGE**.



### THE TEXTILE INDUSTRY

Textiles had also employed hundreds of thousands across the USA in Cotton mills. It also reached its heights of employment and sales during the First World War when wartime demand drove up wages and prices

HOWEVER, the 1920's proved to be a terrible decade for this industry too

- Sales slumped after the war as other countries began producing again
- Alternative products such as **RAYON** were becoming more popular.
- New **FASHIONS** such as shorter and looser dresses worn by **FLAPPERS**, meant that **less material was needed**.
- **Export** markets were severely reduced due to very high US tariffs which were retaliated against by other countries.
- Companies tended to **downsize rather than modernise**. In some companies in the Southern states, they reduced the workforce severely and tried to get less people to do more work. Some people were made to look after more than one machine. This was called the **STRETCHOUT**. It severely affected jobs in the north where trade unions were more prevalent
- **OVERPRODUCTION.** The USA was producing more TEXTILES than ever before at a time when **DEMAND was falling**. This was over production and severely affected the **price of textiles**.
- Over **80,000** people lost their jobs in textiles.
- There were poor industrial relations but strikes were poorly coordinated and were thus ineffective.
- The government believed in **Laissez Faire** and would not intervene.



By 1929 the rich had so much money that they saved it while the poor had very little to spend. Therefore the economy ceased to self generate.

60% of Americans still lived **below the POVERTY LINE (less than \$5 a day)** throughout the 1920's

5% of the US Population owned 33% of its wealth,

**Millionaires boomed throughout the 1920's rising 5 times from 7 - 35,000!**

American laissez faire tax policies which allowed low taxes for favoured the wealthy most of all.

Wages increased slowly compared to American industrial profits

Many Americans were buying products on credit. Much of the American boom industries were bought on credit like 60% of cars.

20 million Americans had bought shares. Many were speculating.

