Prosperity:
- Boom between 1922 and 1929, brief recession during 1920 and 21
- Unemployment rate never rose above 3.7%
- Real wages of industrial workers rose 14% (1914–29)
- Working hours decreased from 47 per week in 1920 to 44 in 1929
- Inflation never rose higher than 1%
- Production of industrial goods rose by 50% (1922–29)
  - $852 million worth of radios were sold in 1929
- GNP rose from $73 billion in 1920 to $104.4 billion in 1929
- More money to spend on leisure
  - Electrical labour-saving devices
  - Cinema: 80 million tickets were sold weekly by 1929
  - Sports recreation — paying spectators

Who didn’t benefit?
Rural poverty, farmers
- Fall in demand due to end of WW1
  - Countries imported US crops like Britain started to recover
  - The war is finished, not that much crops are needed
- The Fordney-McCumber Act
  - Closed international markets, as they start to put duties on US imports as well
- Onset of mechanisation
  - Use of tractors, combine harvesters, meant it is easy to mass produce
  - Caused overproduction
Immigrants, African Americans
- Occupied the lowest economic position
- Most of them were sharecroppers
- Segregation meant poor education and low social and economic position
- 850,000 immigrants to the north, such as Chicago and NYC, to occupy manufacturing and industrial jobs — worst-paid
  - Many lived in ghettos
Trade Union and workers
- Businesses prospered, but trade unionism declined (increased during the war)
- Members dropped from 5.03 million in 1920 to 3.6 million during 1920s
  - ‘Big business’ was anti-union, either discouraged to join the union, or forced to sign ‘yellow dog’ contracts — not to strike
  - Both the government and the Supreme Court were anti-union, and passed several judgements which made strikes and creation of minimum wage difficult
  - The Red Scare, and the Palmer Raids in the 1920s — avoid joining unions
  - “The American Plan” — non-union members would receive the same benefits as union members if made redundant

1 Farmworkers who work for a share of the crops they grow, instead of a wage
• growth of synthetic fibre — not as much cotton
• no need to provide European Allies with crops for wars any more
• the high tariff meant other countries also impose duty on US produce — less foreign trade

• Although the demand fell, production increased by 9% during the 20s
  • use of machines such as tractors — mass production
  • improved fertiliser
• This caused the price of crops to fall, e.g. wheat from $2.5 to $1 per bushel

- Government responses: The McNary-Haugen Bill (vetoed by Hoover, did not pass)
  - set up an Agricultural Export Corporation
    • buy commodities on the American market to sell abroad
    • pay farmers at the 1914 prices (at the time price had fallen below), and sell them abroad at the prevailing world prices
  • Farmers needed to pay an equalisation fee\(^7\) to join
  • The bill was based on two assumptions:
    • higher prices would not stimulate additional domestic production
    • foreign market will remain open for American surplus

Unstable employment
• the declining trade union — both government and corporations are anti-union
• anxious to keep their jobs rather than seek help from unions
• as the boom slowed down after 1925, unemployment and underemployment increased
• Possibly argue that because of the unstable jobs and little wages, people start to seek for other ways to make money — the stock market

The Florida Land Boom
• between 1920 and 1925
• the sunny weather and growing use of automobile — Florida became a popular place for middle class to go for holidays
• people bought land with credits, and only 10% of deposit
• the price kept on going up
  • it can be sustained as long as there are more people buying than selling
  • successful example of buying it for $25 in 1900 and sold it for $150,000 25 years later
• ended due to falling demand and hurricane in 1926, many people went bankrupt

The Wall Street Crash (the growth of stock market)
• from 1925, value of shares traded in the stock market had increased tremendously
  • $27 billion in 1925, $87 billion in 1929
• This is firstly because the richer Americans had bought all the luxurious goods that could be bought at the time (little variations and innovations), hence used the spare money to invest in the stock market
• as more people put money into the stock market, it rises, hence attracts more people
• eventually because of the easy credits — buying on the margin — basically anyone could enter the stock market even though there isn’t actually that much money

\(7\) the difference between the price paid to the farmers, and price they sold abroad

\(8\) part-time employment