One American’s Story

In 1927, the last Model T Ford—number 15,077,033—rolled off the assembly line. On December 2, some 1 million New Yorkers mobbed show rooms to view the new Model A. One striking difference between the two models was that customers could order the Model A in such colors as “Arabian Sand” and “Niagara Blue”; the old Model T had come only in black. A Ford spokesman explained some additional advantages of the new automobile.

“A PERSONAL VOICE

“Good-looking as that car is, its performance is better than its appearance. We don’t brag about it, but it has done seventy-one miles an hour. It will ride along a railroad track without bouncing. . . . It’s the smoothest thing you ever rode in.”

—a Ford salesman quoted in Flappers, Bootleggers, “Typhoid Mary,” and the Bomb

The automobile became the backbone of the American economy in the 1920s (and remained such until the 1970s). It profoundly altered the American landscape and American society, but it was only one of several factors in the country’s business boom of the 1920s.

American Industries Flourish

The new president, Calvin Coolidge, fit into the pro-business spirit of the 1920s very well. It was he who 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.” Both Coolidge and his Republican successor, Herbert Hoover, favored government policies that would keep taxes down and business profits up, and give businesses more available credit in order to expand. Their goal was to keep government interference in business to a minimum and to allow private enterprise to flourish. For most of the 1920s, this approach seemed to work. Coolidge’s administration continued to place high tariffs on foreign imports,
which helped American manufacturers. Reducing income taxes meant that people had more money in their pockets. Wages were rising because of new technology and so was productivity.

**THE IMPACT OF THE AUTOMOBILE** The automobile literally changed the American landscape. Its most visible effect was the construction of paved roads suitable for driving in all weather. One such road was the legendary Route 66, which provided a route for people trekking west from Chicago to California. Many, however, settled in towns along the route. In addition to the changing landscape, architectural styles also changed, as new houses typically came equipped with a garage or carport and a driveway—and a smaller lawn as a result. The automobile also launched the rapid construction of gasoline stations, repair shops, public garages, motels, tourist camps, and shopping centers. The first automatic traffic signals began blinking in Detroit in the early 1920s. The Holland Tunnel, the first underwater tunnel designed specifically for motor vehicles, opened in 1927 to connect New York City and Jersey City, New Jersey. The Woodbridge Cloverleaf, the first cloverleaf intersection, was built in New Jersey in 1929.

The automobile liberated the isolated rural family, who could now travel to the city for shopping and entertainment. It also gave families the opportunity to vacation in new and faraway places. It allowed both women and young people to become more independent through increased mobility. It allowed workers to live...
miles from their jobs, resulting in urban sprawl as cities spread in all directions. The automobile industry also provided an economic base for such cities as Akron in Ohio, and Detroit, Dearborn, Flint, and Pontiac in Michigan. The industry drew people to such oil-producing states as California and Texas. The automobile even became a status symbol—both for individual families and to the rest of the world. In their work *Middletown*, the social scientists Robert and Helen Lynd noted one woman’s comment: “I’ll go without food before I’ll see us give up the car.”

The auto industry symbolized the success of the free enterprise system and the Coolidge era. Nowhere else in the world could people with little money own their own automobile. By the late 1920s, around 80 percent of all registered motor vehicles in the world were in the United States—about one automobile for every five people. The humorist Will Rogers remarked to Henry Ford, “It will take a hundred years to tell whether you helped us or hurt us, but you certainly didn’t leave us where you found us.”

**The Young Airplane Industry**

Automobiles weren’t the only form of transportation taking off. The airplane industry began as a mail carrying service for the U.S. Post Office. Although the first flight in 1918 was a disaster, a number of successful flights soon established the airplane as a peacetime means of transportation. With the development of weather forecasting, planes began carrying radios and navigational instruments. Henry Ford made a trimotor airplane in 1926. Transatlantic flights by Charles Lindbergh and Amelia Earhart helped to promote cargo and commercial airlines. In 1927, the Lockheed Company produced a single-engine plane, the Vega. It was one of the most popular transport airplanes of the late 1920s. Founded in 1927, Pan American Airways inaugurated the first transatlantic passenger flights.
America’s Standard of Living Soars

The years from 1920 to 1929 were prosperous ones for the United States. Americans owned around 40 percent of the world’s wealth, and that wealth changed the way most Americans lived. The average annual income rose more than 35 percent during the period—from $522 to $705. People found it easy to spend all that extra income and then some.

ELECTRICAL CONVENIENCES  Gasoline powered much of the economic boom of the 1920s, but the use of electricity also transformed the nation. American factories used electricity to run their machines. Also, the development of an alternating electrical current made it possible to distribute electric power efficiently over longer distances. Now electricity was no longer restricted to central cities but could be transmitted to suburbs. The number of electrified households grew, although most farms still lacked power.

By the end of the 1920s, more and more homes had electric irons, while well-to-do families used electric refrigerators, cooking ranges, and toasters. Eunice Fuller Barnard listed prices for electrical appliances in a 1928 magazine article:

These electrical appliances made the lives of housewives easier, freed them for other community and leisure activities, and coincided with a growing trend of women working outside the home.

THE DAWN OF MODERN ADVERTISING  With new goods flooding the market, advertising agencies no longer just informed the public about products and prices. Now they hired psychologists to study how to appeal to people’s desire for youthfulness, beauty, health, and wealth. Results were impressive. The slogan “Say it with flowers” doubled florists’ business between 1912 and 1924. “Reach for a Lucky instead of a sweet” lured weight-conscious Americans to cigarettes and away from candy. Brand names became familiar from coast to coast, and luxury items now seemed like necessities.

One of those “necessities” was mouthwash. A 1923 Listerine advertisement aimed to convince readers that without Listerine a person ran the risk of having halitosis—bad breath—and that the results could be a disaster.

A PERSONAL VOICE

“She was a beautiful girl and talented too. She had the advantages of education and better clothes than most girls of her set. She possessed that culture and poise that travel brings. Yet in the one pursuit that stands foremost in the mind of every girl and woman—marriage—she was a failure.”

—Listerine Advertisement

Businesspeople applied the power of advertising to other areas of American life. Across the land, they met for lunch with fellow members of such service organizations as Rotary, Kiwanis, and the Lions. As one observer noted, they sang...
songs, raised money for charities, and boosted the image of the businessman “as a builder, a doer of great things, yes, and a dreamer whose imagination was ever seeking out new ways of serving humanity.” Many Americans idolized business during these prosperous times.

A Superficial Prosperity

During the 1920s, most Americans believed prosperity would go on forever—the average factory worker was producing 50 percent more at the end of the decade than at its start. Hadn’t national income grown from $64 billion in 1921 to $87 billion in 1929? Weren’t most major corporations making fortunes? Wasn’t the stock market reaching new heights?

PRODUCING GREAT QUANTITIES OF GOODS As productivity increased, businesses expanded. There were numerous mergers of companies that manufactured automobiles, steel, and electrical equipment, as well as mergers of companies that provided public utilities. Chain stores sprouted, selling groceries, drugs, shoes, and clothes. Five-and-dime stores like Woolworth’s also spread rapidly. Congress passed a law that allowed national banks to branch within cities of their main office. But as the number of businesses grew, so did the income gap between workers and managers. There were a number of other clouds in the blue sky of prosperity. The iron and railroad industries, among others, weren’t very prosperous, and farms nationwide suffered losses—with new machinery, they were producing more food than was needed and this drove down food prices.

BUYING GOODS ON CREDIT In addition to advertising, industry provided another solution to the problem of luring consumers to purchase the mountain of goods produced each year: easy credit, or “a dollar down and a dollar forever.” The installment plan, as it was then called, enabled people to buy goods over
an extended period, without having to put down much money at the time of pur-
chase. Banks provided the money at low interest rates. Advertisers pushed the
“installment plan” idea with such slogans as “You furnish the girl, we’ll furnish
the home” and “Enjoy while you pay.”

Some economists and business owners worried that installment buying might
be getting out of hand and that it was really a sign of fundamental weaknesses of
a superficial economic prosperity. One business owner even wrote to President
Coolidge and related a conversation he had overheard on a train.

A PERSONAL VOICE

“Have you an automobile yet?”
“No, I talked it over with John and he felt we could not afford one.”
“Mr. Budge who lives in your town has one and they are not as well off as you are.”
“Yes, I know. Their second installment came due, and they had no money to pay it.”
“What did they do? Lose the car?”
“No, they got the money and paid the installment.”
“How did they get the money?”
“They sold the cook-stove.”
“How could they get along without a cook-stove?”
“They didn’t. They bought another on the installment plan.”

—a business owner quoted In the Time of Silent Cal

Still, most Americans focused their attention on the present, with little con-
cern for the future. What could possibly go wrong with the nation’s economy?
The decade of the 1920s had brought about many technological and economic
changes. And yet the Coolidge era was built on paradox—the president stood for
economy and a frugal way of life, but he was favored by a public who had thrown
all care to the wind. Life definitely seemed easier and more enjoyable for hun-
dreds of thousands of Americans. From the look of things, there was little warn-
ing of what was to come.

MAIN IDEA

Analyzing Issues
What were the main advantage and disadvantage of buying on credit?

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Technology & Business Changes of the 1920s

Choose one event from the web and explain its significance in the 1920s.

CRITICAL THINKING

EVALUATING

Do you agree with President Coolidge’s statement “The man who builds a factory builds a
temple—the man who works there worships there”? Explain your answer. Think About:
• the goals of business and of religion
• the American idolization of business
• the difference between workers and management

INTERPRETING GRAPHS

What trend does the graph show between 1920 and 1930? What were some of the reasons for this trend?