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The American Economy in the 1920s: 'Roaring'?

America in the 1920s is often described as being a period of optimism and prosperity for the American economy - hence the moniker 'Roaring 20s'. Following the devastation suffered in Europe during WW1, America was advantageously placed to become the leading global economy. The advent of mass production, credit, the laissez-faire attitude of the Federal Government towards big business and consumer goods all helped to fuel an economic boom. Indeed, by the mid-1920s, the American economy was growing at 7% per annum on average. However, to what extent can the American economy in the 1920s be classified as 'Roaring'? (In this context, 'Roaring' can be defined as a period characterised by optimism and prosperity.) Was the 'roar' just a veneer? How far was the economic 'roar' felt by all Americans?

Patrick's arguments that the American economy <u>was</u> 'Roaring' in the 1920s	Elliott's arguments that the American economy <u>was not</u> 'Roaring' in the 1920s
The car industry characterised the buoyancy of the American economy in the 1920s. There were 23 million cars in America by 1929 and the cost of a Ford Model T dropped from \$850 in 1914 to \$295 in 1926. Furthermore, the car industry consumed 96% of the nation's oil, 65% of its rubber & 20% of its steel.	Whilst the car manufacturing industry was an initial emblem of the success of the economy, it became a key element of its decline. Once everybody who could afford a car had one, the industry became a serious victim of overproduction. Since it was the largest employer in the country, as well as a stimulator of hundreds of other industries, its decline had a catastrophic and nationwide impact.
Big business was free to go about the business of America – Business. Federal government intervention in the economy was minimal, allowing American companies to both grow domestically and to swallow international markets following WW1. There was an 80% growth in business profits in the 1920s and 28,000 new millionaires were made between 1914 and 1928.	A lack of government regulation on big business, meant that huge corporations and finance houses indulged in corrupt practices such as the creation of monopolistic markets, price fixing, and insider trading. A partial result of these anti-competitive practices was the destruction of smaller businesses and the overvaluation of shares. Protectionist tariffs, designed to protect US markets, ended up strangling them as other nations merely placed tariffs on US goods entering their markets (see Fordney-McCumber, 1922).
America was the biggest source of new global investment in the 1920s, with banking houses such as JP Morgan and National City Bank spearheading the growth. America provided 1/6 of all global exports in 1929 and the economy was growing at 7% per year in the 1920s, compared with the 2016 figure of 1.5%.	Loans and investments (both home and abroad) were short term in their benefits and ultimately one of the reasons for the depths of the ensuing depression. Banks and businesses were quick to approve loans to customers with little thought given to repayment in times of crisis. 'Buying on the margin' was symbolic of the flawed confidence that ran through the business/finance community.
Skyscrapers fundamentally altered the skylines of American cities, showcasing the optimism and 'roar' of the American economy. Advertising, the availability of credit and a boom in consumerism helped to create the 'roar' of the economy; even Stalin praised "American efficiency" in 1924. Barker & Stewart argue "...the decade witnessed a degree of material prosperity unequalled in the history of humanity."	The construction industry peaked in 1925, as new residential housing constructions began a precipitous decline – dropping nearly 50% in three years. As with the motorcar industry, the construction industry stimulated innumerable other ancillary industries, all of which were then impacted by its decline. The 'Florida Land Boom' is as much a symbol of the housing 'bubble' as the motorcar was of the manufacturing 'bubble'.

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