

The role of new automobile industry in the prosperity of the 1920s economy



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In the 1920s, the America's economy was booming. People felt that they had a right to prosperity and many had aims of owning a nice house and car. I believe that the automobile industry was an extremely important factor in the economic boom. In the 1890s cars were only made by skilled blacksmiths, and were therefore very expensive. As little as 4000 cars were produced each year. However, Henry Ford changed all this, by creating the first real ' production line'. This involved workers doing one or two jobs on the car as it passed them whereas before they had many jobs and moved towards the cars themselves.

Now, a skeleton of a car went in and after each worker had done their bit a ready car came out. This was extremely efficient and significantly lowered the price of cars. Not only this, but it created a vast amount of employment! In 1929 4. 8 million cars were produced. The automobile industry not only created much employment in its own industry, but created large employment in other industries too. For example; the cars required steel and rubber and due to the vast amounts of cars being produced much steel and rubber was needed. At one point, Henry Ford's ' T-model' car was coming off the production line at about one every 10 seconds!

As many people were buying cars, more roads had to be made. This created large employment and resulted in the road construction industry being the USA's largest employer at one point, boosting the economy. Many people bought cars on credit, again stimulating the economy. The automobile industry did indeed have a major role to play in the prosperity of the 1920s. However, there were many other new industries that also played an

important part in the prosperity of the 1920s. The USA had the latest technology and many new consumer goods were being produced.

Every American household was full of the latest consumer gadgets. The vacuum company 'Hoover' became a household name! These goods became very popular and also stimulated other industries (for example; raw materials). Agriculture and the coal mining industries in America became much more efficient with all the new technology. All the latest consumer goods were also exported to other countries. Industries began to produce better goods, making the production faster and the products cheaper. This was the 'industrial efficiency movement'. The USA had vast natural resources and used them to its benefit.

The war was a huge factor in the extremely successful prosperity of the USA in the 1920s. While the war was going on, the USA provided the allies with munitions, lent them money and took over many of Germany's leading industries. This stimulated the USA economy. The USA sold an enormous amount of food stuffs too. While Britain and the allies were busy slugging out the war in France, the USA was taking over Europe's trade. The USA also provided the colonies with goods. Before the war Germany had a growing chemical industry but the war halted it in its tracks.

After the war, America had outstripped Germany and had a huge chemical industry. It provided fertilizers and dyes, once provided by Germany. The Republican government also helped the economic boom greatly. They didn't get involved in the citizen's everyday lives, kept taxation low which helped the wealthy, allowed trust to develop and kept high tariffs on imports so that

people were more likely to buy American goods, which therefore stimulated the economy. Overall I feel that the automobile industry did have a vital role in the prosperity of the 1920s.

However, I feel that there were many other factors that contributed to it for example; the republican policy and the war. I feel that without the automobile industry the 1920s certainly wouldn't have been as prosperous as it was, but, to say it would scarcely have been possible is a bit extreme. I think that without it there still would have been significant prosperity due to other factors, but it would have been nowhere near as successful as it was. The automobile industry did indeed play a crucial role in the prosperity of the USA in the 1920s.