

A BOOMING ECONOMY

How did the booming economy of the 1920's lead to a change in the American way of life?

Ford Revolutionizes Industry

- The first cars appeared in the U.S. in the 1800s, but only the rich could buy them, until Henry Ford began selling the Model T in 1908.
- Ford's vision combined three main ideas:
 1. Make cars simple and identical instead of doing highly expensive custom manufacturing.
 2. Make the process smooth, using interchangeable parts and moving belts.
 3. Determine how workers should move, and at what speed, to be the most productive.
- These ideas formed the first large-scale moving assembly line, a production system in which the item being built moves along a conveyor belt to workstations that usually require simple skills.
- By the 1920s Ford made a car every minute, dropping prices so that by 1929 there were about 22 million cars in America.
- Ford raised his workers' wages so they could also buy cars, but he opposed unions, and assembly lines were very boring.

The Effects on Industry

- The Ford Motor Company dominated auto making for 15 years, but the entire industry grew when competitors like General Motors and Chrysler tried to improve on Ford's formula by offering new designs, starting competition.
- Other industries learned from Ford's ideas, using assembly-line techniques to make large quantities of goods at lower costs, raising **productivity**, or output, by 60 percent.
- The success of businesses led to **welfare capitalism**, a system in which companies provide benefits to employees to promote worker satisfaction and loyalty.
- Many companies offered company-paid pensions and recreation programs hoping employees would accept lower pay, which many did.

Industry Changes Society

Car Effects

- Demand for steel, rubber, glass, and other car materials soared.
- Auto repair shops and filling stations sprang up.
- Motels and restaurants arose to meet travelers' needs.
- Landowners who found petroleum on their property became rich.

Cities and Suburbs

- Detroit, Michigan, grew when Ford based his plants there, and other automakers followed.
- Other midwestern cities, like Akron, Ohio, boomed by making car necessities like rubber and tires.
- **Suburbs**, which started thanks to trolley lines, grew with car travel.

Tourism

- Freedom to travel by car produced a new tourism industry.
- Before the auto boom, Florida attracted mostly the wealthy, but cars brought tourists by the thousands.
- Buyers snatched up land, causing prices to rise.
- Some Florida swamps were drained to put up housing.