



CHAPTER

16

Normalcy and Good Times

1921–1929

Why It Matters

Prosperity was the theme of the 1920s, and national policy favored business. Although farmers were going through an economic depression, most people remained optimistic about the economy. The middle class bought on credit the many new convenience products available. One of the most popular purchases of the day was the automobile, which had a major impact on how Americans lived.

The Impact Today

Important elements of American life were first seen at this time.

- The automobile remains central to American transportation.
- Credit is a standard means for making purchases.



The American Republic Since 1877 Video The Chapter 16 video, "Tuning in to Radio in the 1920s," describes the growth of a mass media culture in the United States and the importance of the radio.

1920

- Women vote in national election for the first time

1921

- Washington Conference convenes
- Farm Bloc organized in U.S. Congress

1923

- Teapot Dome scandal erupts
- Ford Motor Company gains 50 percent of the new car market
- President Harding dies

1924

- Dawes Plan negotiated with France, Britain, and Germany
- Calvin Coolidge elected president

Harding
1921–1923

Coolidge
1923–1929



1921

1923

1925



United States

PRESIDENTS



World

1923

- Hitler's Munich coup fails

1924

- Leader of Soviet Union, Vladimir Lenin, dies

1925

- Soldier-leader Reza Khan pronounced shah of Iran



Opening Night, Ziegfeld Follies by Howard A. Thain captures the excitement surrounding the opening of a new musical revue in New York City.



1927
 • 15 millionth Model T built

1928
 • Kellogg-Briand Pact proposes an end to war



1929
 • U.S. radio sales exceed \$800 million

Hoover
 1929–1933



1927

1929

1926
 • British General Strike paralyzes the British economy

1929
 • Lateran Treaties with Italy make the Vatican sovereign territory

HISTORY Online

Chapter Overview
 Visit the *American Republic Since 1877* Web site at tarvol2.glencoe.com and click on **Chapter Overviews—Chapter 16** to preview chapter information.

SECTION 1 Presidential Politics

Guide to Reading

Main Idea

Warren Harding's administration suffered from several scandals. His successor, Calvin Coolidge, promised to support business.

Key Terms and Names

normalcy, Ohio Gang, Albert B. Fall, Teapot Dome scandal, immunity, Progressive Party, Robert M. La Follette

Reading Strategy

Taking Notes As you read about Presidents Harding and Coolidge, use the major headings of the section to create an outline similar to the one below.

Presidential Politics
I. The Harding Administration
A.
B.
II.
A.
B.

Reading Objectives

- **Describe** the corruption that tainted the Harding administration.
- **Explain** how Calvin Coolidge restored public confidence after assuming the presidency.

Section Theme

Government and Democracy The "Ohio Gang" of the Harding administration created scandals and political upheaval.

Preview of Events



★ An American Story ★



Calvin Coolidge (right) being sworn in as president after his 1924 election

In August 1923, Vice President Calvin Coolidge was taking a short vacation at his family's homestead in Plymouth Notch, Vermont. The straitlaced Coolidge went to bed at 9:00 as usual on August 2, but at 2:30 A.M., his father woke him. "I noticed that his voice trembled," Coolidge said later. "I knew that something of the gravest nature had occurred." After learning that President Warren G. Harding was dead, Coolidge dressed hurriedly and went downstairs. Shortly afterward, in a small, sparsely furnished room lit by a flickering kerosene lamp, the elder Coolidge, a farmer and justice of the peace, got out the family Bible and administered the presidential oath of office to his son.

Later, while painting a portrait of the new president, artist Charles Hopkinson asked, "Mr. Coolidge, what was the first thought that came into your mind when you were told that Mr. Harding was dead and the presidency was yours?" Coolidge replied, "I thought I could swing it."

—adapted from *Flappers, Bootleggers, "Typhoid Mary" and the Bomb*

The Harding Administration

Coolidge assumed the presidency during a time when Americans yearned to go back to simpler and steadier times after the carnage of World War I. Coolidge's predecessor, Warren G. Harding, had tailored his presidency to this goal. The oldest of eight children, Harding was born in 1865 in Corsica, Ohio. As an adult, he was active in civic and fraternal organizations, and he also published the *Marion Daily Star*. In 1898 Harding was elected to the Ohio legislature. He fit in comfortably with the powerful Ohio Republican



political machine and won election as lieutenant governor in 1903. He failed in his bid for governor in 1910 but was elected to the United States Senate four years later. After serving one term in the Senate, Harding ran for and won the presidency in 1920.

A Self-Doubter in the White House With his silver hair and impressive bearing, Harding looked like a president, but he thought he lacked the intellectual qualifications for the job. “I have such a sure understanding of my own inefficiency,” he once said, “that I should really be ashamed to presume myself fitted to reach out for a place of such responsibility.”

Despite such doubts, Harding’s political philosophy fit in well with the times. He ran on the campaign slogan to return to **normalcy**, or a return to “normal” life after the war. Harding’s charm and genial manner endeared him to the nation. The quiet gloom of President Wilson’s last years was replaced by the open, easygoing atmosphere of the first days of the Harding administration. On the day of his election, he went out to play a round of golf—a confident, relaxed gesture.

GOVERNMENT

The Ohio Gang Harding made several distinguished appointments to the cabinet, including former Supreme Court justice Charles Evans Hughes as secretary of state, former Food Administrator Herbert Hoover as secretary of commerce, and business tycoon Andrew Mellon as secretary of the treasury.

Many of Harding’s other appointments, however, were disastrous. He gave many cabinet posts and other high-level jobs to friends and political allies from Ohio. Harding named Charles “Doc” Sawyer from Marion, Ohio, as White House physician, a post that came with the rank of brigadier general. Harding made his boyhood friend Daniel Crissinger chairman of the Federal Reserve Board and selected Colonel Charles R. Forbes—another Ohio acquaintance—to head the Veterans Bureau.

Harding felt more comfortable among his old poker-playing friends, known as the **Ohio Gang**, than he did around such sober and serious people as Herbert Hoover. Alice Roosevelt Longworth, the daughter of Theodore Roosevelt, was a keen

observer of Washington society. She wrote that it was common to find the Ohio Gang in the White House study, and here she describes a typical scene:

“The air [would be] heavy with tobacco smoke, trays with bottles containing every imaginable brand of whiskey . . . cards and poker chips at hand—a general atmosphere of waistcoat unbuttoned, feet on desk, and spittoons alongside.”

—quoted in *The Perils of Prosperity, 1914–1932*

The Ohio Gang did more than drink, smoke, and play poker with the president. Some members used their positions to sell government jobs, pardons, and protection from prosecution. Forbes sold scarce medical supplies from veterans hospitals and kept the money for himself, costing the taxpayers over \$200 million. When Harding learned what was going on, he complained privately that he had been betrayed. He said that he had no troubles with his enemies, but his friends were a different story: “They’re the ones that keep me walking the floor nights!”

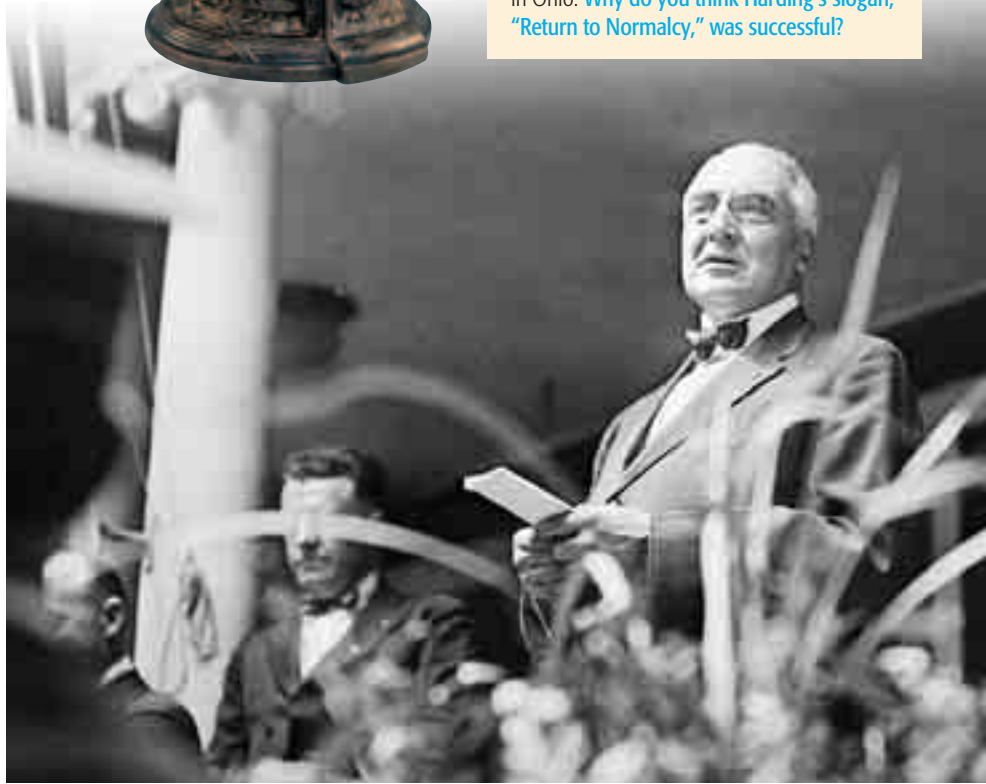


Inkwell depicting Warren Harding



Picturing History

Return to Normalcy Warren Harding did some of his campaigning from his front porch in Ohio. **Why do you think Harding’s slogan, “Return to Normalcy,” was successful?**



Fact**Fiction****Folklore**

Cartoon Symbols Political cartoonists routinely use symbols to get their message across. Two of the most enduring have been the donkey, representing the Democrats, and the elephant, representing the Republicans (also known as the GOP, or the Grand Old Party). On November 7, 1874, cartoonist Thomas Nast became the first to use the symbols in a cartoon that appeared in *Harper's Weekly*.

In June 1923, amid the scandal in the Veterans Bureau and rumors of other unethical behavior, Harding and the First Lady left to tour the West. En route from Alaska to California, he became ill with what was probably a heart attack. He died in San Francisco on August 2, shortly before the news of the Forbes scandal broke.

The Teapot Dome Scandal Other scandals also came to light. Harding's secretary of the interior, **Albert B. Fall**, secretly allowed private interests to lease lands containing U.S. Navy oil reserves at Teapot Dome, Wyoming, and Elk Hills, California. In return, Fall received bribes from these private interests totaling more than \$300,000. Eventually the Senate investigated what the newspapers named the **Teapot Dome scandal**, and Secretary Fall became the first cabinet officer in history to go to prison.

The last Harding administration scandal involved Attorney General Harry Daugherty, Harding's former campaign manager. It concerned a German-owned American company that the American government had seized during World War I as enemy property. To acquire the company and its valuable chemical patents, a German agent bribed a "go-between" politician, and a portion of the bribe ended up in an Ohio bank account that Daugherty controlled.

Under investigation by his own Justice Department, Daugherty refused to turn over requested files and bank records. He also refused to testify under oath, claiming **immunity**, or freedom from prosecution, on the grounds that he had had confidential dealings with the president. Daugherty's actions disgusted the new president, Calvin Coolidge, who demanded his resignation. The tattered reputation of Harding's presidency dissolved in scandal and corruption.

Reading Check **Describing** Why was Harding's emphasis on "normalcy" an effective campaign strategy?

The Coolidge Administration

Just as Harding's promise of "normalcy" had appealed to war-weary voters in 1920, the virtue of his successor came as a welcome change from the turmoil of the Harding administration's corruption. Born on July 4, 1872, John Calvin Coolidge grew up on the Vermont farm that his family had worked for five generations. While governor of Massachusetts, Coolidge rose to national prominence for his handling of the Boston police strike in 1919. Shortly afterward, he was asked to run as Harding's vice president.

"Silent Cal" Takes Over Coolidge was very different from Harding. Harding had enjoyed the easy conversation and company of old friends. Coolidge, joked a critic, could be "silent in five languages." With his simple and frugal manner, he contrasted not only with Harding but also with the spirit of the time, the booming, materialistic era of the Roaring Twenties.

Coolidge quickly distanced himself from the Harding administration. He named Harlan Fiske Stone, dean of the Columbia Law School, to replace Daugherty as attorney general. He also asked the most capable cabinet members—Hughes, Mellon, and Hoover—to stay on.



Analyzing Political Cartoons

Teapot Dome Scandal In this cartoon, Democrats are enjoying the troubles the Teapot Dome scandal has caused for the GOP elephant. Who is shown being dragged along by the scandal? Why?





Coolidge's philosophy of government was simple. He believed that prosperity rested on business leadership and that part of his job as president was to make sure that government interfered with business and industry as little as possible. He once said, "Four-fifths of all our troubles in this life would disappear if we would only sit down and keep still."

Calmly and cautiously, Coolidge worked to restore integrity to the presidency. In the year following Harding's death and the revelations of scandals, Coolidge's presidency avoided crises and continued the nation's expanding prosperity. Coolidge easily won the Republican Party's nomination for president in 1924.

The Election of 1924 Even though the scandals of the Harding administration presented the Democrats with a ready-made issue, they lost the chance for victory. Deeply divided between their urban Eastern constituency and their rural following in the South and West, the Democrats had difficulty agreeing on a nominee. They finally compromised on John W. Davis of West Virginia after 103 attempts to find someone acceptable to a majority of the delegates.

The Republicans effectively campaigned on the slogan "Keep Cool with Coolidge," and they urged Americans to retain the party that favored business. In his economic policies, Coolidge aligned himself—and the government—with prosperity and big business.

Not everyone was content to choose between the Republicans and Democrats. Defectors from both parties joined farm, labor, and religious activists to form the new Progressive Party, nominating Wisconsin senator **Robert M. La Follette** as their candidate. Although La Follette captured 16.6



Picturing History

Cool Coolidge President Coolidge believed the nation would run more smoothly if the government was less involved. **How did the public react to Coolidge's message on Election Day?**

percent of the popular vote, or a total of almost 5 million, he and Davis combined could not keep the Republicans from winning the election. Coolidge won easily with more than half the popular vote and 382 electoral votes.

In a speech to the American Society of Newspaper Editors in 1925, Coolidge 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." The *Wall Street Journal* joyously exclaimed, "Never before, here or anywhere else, has a government been so completely fused with business." By avoiding war, reform, and scandal, Coolidge promised to give the United States the normalcy Harding had failed to deliver.

 **Reading Check** **Summarizing** How did Calvin Coolidge restore public confidence after becoming president?

SECTION 1 ASSESSMENT

 **Study Central™** To review this section, go to tarvol2.glencoe.com and click on **Study Central™**.

Checking for Understanding

- Define:** *normalcy, immunity.*
- Identify:** Ohio Gang, Albert B. Fall, Teapot Dome scandal, Robert M. La Follette.
- Evaluate** the effects of the Teapot Dome scandal on citizens' views of the federal government.

Reviewing Themes

- Government and Democracy** How did the Ohio Gang tarnish the Harding Administration?

Critical Thinking

- Interpreting** How did the Democrats lose the chance for victory in the election of 1924?
- Categorizing** Use a graphic organizer similar to the one below to compare and contrast the politics and presidencies of Harding and Coolidge.

	Politics	Presidency
Harding		
Coolidge		

Analyzing Visuals

- Analyzing Photographs** Examine the photograph of Calvin Coolidge on this page. How did Coolidge's actions demonstrate effective leadership following the Harding administration?

Writing About History

- Expository Writing** Imagine you are a newspaper reporter during President Harding's term. Write an article breaking the news of the Teapot Dome scandal.

SECTION 2 A Growing Economy

Guide to Reading

Main Idea

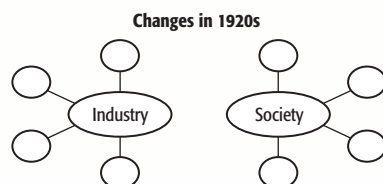
The United States experienced stunning economic growth during the 1920s.

Key Terms and Names

mass production, assembly line, Model T, Charles Lindbergh, National Broadcasting Company, Columbia Broadcasting System, welfare capitalism, open shop

Reading Strategy

Organizing As you read about the booming era of the 1920s, complete a graphic organizer to analyze the causes of economic growth and prosperity in the 1920s.



Reading Objectives

- **Analyze** how the growing importance of the automobile and other new industries improved the U.S. standard of living.
- **Analyze** the growing economic crisis in farming in the 1920s.

Section Theme

Science and Technology New technology such as the automobile and radio helped reshape American lifestyles.

Preview of Events



★ An American Story ★



Henry Ford

At around 2:00 A.M. on June 4, 1896, Henry Ford and his friend Jim Bishop readied Ford's "horseless carriage" for a test. The shop doors were too small for the contraption to pass through, so Ford immediately seized a sledgehammer and began knocking out an opening in the brick. Ford later recalled the scene that followed:

“Mr. Bishop had his bicycle ready to ride ahead and warn drivers of horse-drawn vehicles—if indeed any were to be met with at such an hour. . . . I set the choke and spun the flywheel. As the motor roared and sputtered to life, I climbed aboard and started off. . . .”

There were many such trips in the following days. Bishop would bicycle ahead, stopping at saloons and stores to warn people that they should come out and hold their horses. Many of the onlookers responded by calling out, “Crazy Henry!” As he climbed out of the car, Ford invariably responded, “Yes, crazy. Crazy like a fox.”

—adapted from *The Fords: An American Epic*

The Rise of New Industries

Although neither Ford nor Bishop realized it at the time, “Crazy Henry’s” horseless carriage would revolutionize American transportation and with it American society. By the 1920s, the automobile had become an accepted part of American life. In a 1925 survey conducted in Muncie, Indiana, 21 out of 26 families who owned cars did not have bathtubs with running water. Explaining why her family decided a car was more important than indoor plumbing, a farm wife said, “You can’t ride to town in a bathtub.”



The automobile was just one part of a rising standard of living that Americans experienced in the 1920s. Real per capita earnings, essentially unchanged during the previous 30 years, soared 22 percent. Meanwhile, as Americans' wages increased, their work hours decreased. In 1923 U.S. Steel cut its daily work shift from 12 hours to 8 hours. In 1926 Henry Ford cut the workweek for his employees from six days to five, and International Harvester, a maker of trucks, tractors, and other farm machinery, instituted an annual two-week paid vacation for employees.

At the same time, the rise of **mass production**, or large-scale product manufacturing usually done by machinery, created more supply and reduced consumer costs. This formula reshaped the American economy. Within this prosperous and productive atmosphere, innovation thrived and new industries emerged.

TECHNOLOGY

The Assembly Line Another major industrial development enormously increased manufacturing efficiency. First adopted by carmaker Henry Ford, the **assembly line** divided operations into simple tasks that unskilled workers could do and cut unnecessary

motion to a minimum. In 1913, Ford installed the first moving assembly line at his plant in Highland Park, Michigan. By the following year, workers were building automobiles every 93 minutes. Previously, the task had taken 12 hours. By 1925 a Ford car was rolling off the line every 10 seconds. "The way to make automobiles," Ford said, "is to make one automobile like another . . . to make them come through the factory all alike, just as one pin is like another pin when it comes from the pin factory."

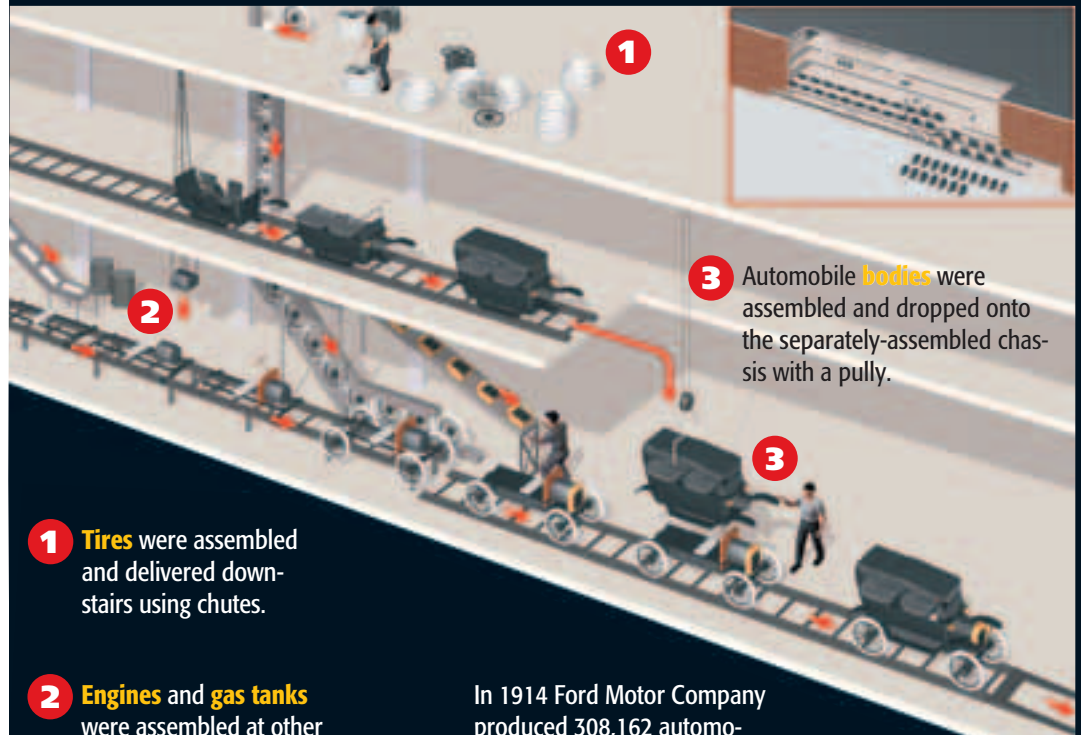
Ford's assembly-line product was the **Model T**—affectionately called the "Tin Lizzie" or "Flivver." In 1908, the Model T's first year, it sold for \$850. In 1914 mass production reduced the price to \$490. Three years later, improved assembly-line methods and a high volume of sales brought the price down to \$360. By 1924 Model Ts were selling for \$295, and Ford sold millions of them. His business philosophy was simple: lower the cost per car and thereby increase the volume of sales. "Every time I reduce the charge for our car by one dollar," he boasted, "I get a thousand new buyers." In this way, Ford made the automobile available to millions of American consumers.

Ford also increased his workers' wages in 1914 to an unprecedented \$5 a day and reduced the workday

TECHNOLOGY & History

The Assembly Line

The idea of an assembly line had existed before Henry Ford, but he helped popularize its use in manufacturing. Ford combined sub-assembly lines into one continuously moving line, which was positioned at waist level to reduce back strain. Ford's Highland Park factory featured a multistoried assembly line that reduced the construction time of a single Model T from 12 hours, 8 minutes to 1 hour, 33 minutes. **How did Ford's assembly technique affect the price of his product?**



- 1** Tires were assembled and delivered down-stairs using chutes.
- 2** Engines and gas tanks were assembled at other ends of the factory floor and delivered to the chassis sub-assembly.
- 3** Automobile bodies were assembled and dropped onto the separately-assembled chassis with a pulley.

In 1914 Ford Motor Company produced 308,162 automobiles—more than all other auto manufacturers combined.

to eight-hour shifts. Ford took these dramatic steps to build up workers' loyalty and to undercut union organizers.

There were strings attached, however, to the wage increase. Ford created a "Sociological Department," which set requirements workers had to meet. For instance, the common practice of renting living space to nonfamily members was strictly forbidden. Investigators visited employees' homes to verify their eligibility and to see that they spent their wages in approved ways. Workers who transgressed could be disqualified from extra pay, suspended, or even fired.

The low prices made possible by Ford's mass-production methods not only created an immense market for his cars but also spawned imitators. By the mid-1920s, other car manufacturers, notably General Motors and Chrysler, competed successfully with Ford.

The auto industry spurred growth in other industries, such as rubber, plate glass, nickel, and lead. Automaking alone consumed 15 percent of the nation's steel, and the flood of cars stimulated a tremendous expansion of the petroleum industry.

The Social Impact of the Automobile Just as he had revolutionized manufacturing, Henry Ford was the force behind a social revolution related to the automobile. He almost single-handedly changed the auto from a toy of the wealthy to an affordable necessity for the middle class.

Cars revolutionized American life. Although many small businesses declined during the 1920s, the automobile created new small-business opportunities for such enterprises as garages and gas stations.

The automobile eased the isolation of rural life, putting towns within reach of many farmers and the countryside a mere ride away for city dwellers. Cars also enabled more people to live farther from work. An entirely new kind of consumer and worker, the auto commuter, appeared. Commuters lived in growing suburban communities and drove to work in the city.

The Consumer Goods Industry Many other new goods came on the market to take advantage of rising disposable income. Americans bought such innovations as electric razors, disposable facial tissues, frozen foods, and home hair dye.

 NATIONAL
GEOGRAPHIC

MOMENT in HISTORY

ON THE ROAD

The United States first felt the sweeping impact of the automobile during the 1920s. Mass production, pioneered by Henry Ford with his famous Model T, reduced costs and put practical, reliable cars within the reach of millions of middle-class Americans. Adventurous families—like the one shown here driving an upscale, open touring car through a giant Sequoia tree in Yosemite National Park—set out to explore the country. They used a network of roads that had been little more than rutted wagon trails two decades earlier.



Profiles IN HISTORY

Bessie Coleman c. 1892–1926

Bessie Coleman was the first African American woman to receive a pilot's license and the first to become a stunt pilot. She performed in her first air show in September 1922 in Garden City, Long Island.

Coleman was born in Atlanta, Texas, to an African American mother and a Choctaw father. Too poor to attend college for more than one term, she moved to Chicago to become a pilot. No flight school she applied to, however, was willing to admit an African American. With the help of a Chicago publisher, Coleman then went to France to train. Back home, she championed the African American cause through her public statements and impressive flying feats.

Coleman's achievements inspired the founding of Chicago's Coffey School of Aeronautics. Its graduates helped train the U.S. military's first African American pilots, the Tuskegee Airmen, who served with distinction in World War II.



Amelia Earhart 1897–1937

Amelia Earhart, perhaps the world's most celebrated woman pilot, saw her first airplane at the Iowa State Fair when she was 10 years old. She was unimpressed: "It was a thing of rusty wire and wood and not at all interesting. . . ." In her early 20s, however, she attended a California "aerial meet," a fateful decision.

Known for promoting women's flying, Earhart seemed destined for celebrity from early on. By 1932 she was flying solo across the Atlantic.

Earhart's most daring flight was her last. In 1937 she set out to fly around the world with her navigator. Two-thirds of the trip was covered when their plane disappeared. On the trip, she had written her husband, "Please know I am quite aware of the hazards. . . . I want to do it because I want to do it. Women must try to do things as men have tried."



Many of the new products were created for the home. As indoor plumbing became more common, Americans' concern for hygiene spawned the development of numerous household cleaning products. By appealing to people's health concerns, advertisers were able to convince homemakers to buy cleansers to protect their families from disease.

New appliances advertised as labor-savers changed the home. Electric irons, vacuum cleaners, washing machines, refrigerators, gas stoves, and improved glass cookware changed the way people cleaned their homes and prepared meals.

Another lucrative category of consumer products focused on Americans' concerns with fashion, youthful appearance, and success in personal and business endeavors. Mouthwash, deodorants, cosmetics, and perfumes became popular products in the 1920s.

The Airline Industry After the successful flight of the Wright brothers at Kitty Hawk in 1903, the aviation industry began to develop rapidly. Leading the way was American inventor Glenn Curtiss. Curtiss owned a motorcycle company in Hammondsport, New York. Fascinated by airplanes, he agreed in 1907 to become director of experiments at the Aerial Experiment Association, an organization founded by Alexander Graham Bell.

Within a year, Curtiss had invented ailerons—surfaces attached to wings that can be tilted to steer the

plane. Ailerons made it possible to build rigid wings and much larger aircraft. They are still used on aircraft today. In 1912 Curtiss designed the first flying boat. In 1919 one of his flying boats became the first aircraft to cross the Atlantic.

Curtiss's company began building aircraft, and it made the first airplane sales in the United States. The company grew from a single factory to a huge industrial enterprise during World War I, as orders flooded in from allied governments for his biplanes and engines. Although Curtiss retired in 1920, his inventions made possible the airline industry that emerged in the 1920s.

After entrepreneurs such as Curtiss started building practical aircraft, the federal government began to support the airline industry. President Wilson's postmaster general had introduced the world's first regular airmail service in 1918 by hiring pilots to fly mail between Washington, D.C., and New York. In 1919 the Post Office expanded airmail service across the continent. The aviation industry received an economic boost in 1925 with the passage of the Kelly Act, which authorized postal officials to contract with private airplane operators to carry mail.

In 1926 the aviation industry received another boost with the passage of the Air Commerce Act, which provided federal aid for building airports. It was the extraordinary transatlantic solo flight of former airmail pilot **Charles Lindbergh** in 1927, however, that demonstrated the possibilities of aviation



Washing machine advertisement

and won popular support for commercial flight. By the end of 1928, 48 airlines were serving 355 American cities.

Advertisers praised the benefits of commercial flying for business executives, as in this 1928 ad for the Ford Motor Company's "Trimotor" plane: "When the occasion comes for your first time up, it will not be to 'joy-ride' in an antiquated and hazardous machine; but far more probably it will be to reach some distant meeting-place in advance of business competition!"

The Radio Industry In 1912 Edwin Armstrong, an American engineer, invented a special circuit that made long-range radio transmission of voice and music practical. The radio industry began a few years later. In November 1920, the Westinghouse Company broadcast the news of Harding's landslide election victory from station KDKA in Pittsburgh—one of the first public broadcasts in history. That success persuaded Westinghouse to open other stations.

In 1926 the **National Broadcasting Company**

(NBC) established a permanent network of stations to distribute daily programs. By 1927 almost 700 stations dotted the country, and the Federal Radio Commission had been established to regulate them. Sales of radio equipment skyrocketed from \$12.2 million in 1921 to \$842.5 million in 1929, by which time 10 million radio sets were in use in the United States.

In 1928 the **Columbia Broadcasting System (CBS)** assembled a coast-to-coast network of stations to rival NBC. The two networks sold advertising time and hired popular musicians, actors, and comedians from vaudeville, movies, and the nightclub circuit to appear on their shows. In 1928 Americans experienced complete coverage of the first presidential election campaign conducted over the airwaves, when the radio networks sold more than \$1 million in advertising time to the Republican and Democratic Parties.

Reading Check Analyzing How did technological innovations such as the assembly line impact the nature of work?

The Consumer Society

Higher wages and shorter workdays resulted in a decade-long buying spree that kept the economy booming. Shifting from traditional attitudes of thrift and prudence, Americans in the 1920s enthusiastically accepted their new role as consumers.

ECONOMICS

Easy Consumer Credit One notable aspect of the economic boom was the growth of individual borrowing. The prosperity of the 1920s gave many Americans the confidence to go into debt to buy new consumer goods.

Credit had been available before the boom, but most Americans had considered debt to be shameful. Now, however, American attitudes toward debt started changing as people began believing in their ability to pay their debts over time. Many listened to the sales pitch, "Buy now and pay in easy installments," and racked up debts for the family car, radio, furniture, washing machine, and vacuum cleaner. Americans bought 75 percent of their radios and 60 percent of their automobiles on the installment plan. Some started buying on credit at a faster rate than their incomes increased.

Mass Advertising When inventor Otto Rohwedder developed a commercial bread slicer in 1928, he faced a problem common to new inventions: the bread slicer was a device that made a product—sliced bread—that no one knew they needed. To create consumers for



Student Web Activity Visit the *American Republic Since 1877* Web site at tarvol2.glencoe.com and click on **Student Web Activities—Chapter 16** for an activity on politics and economics in the 1920s.

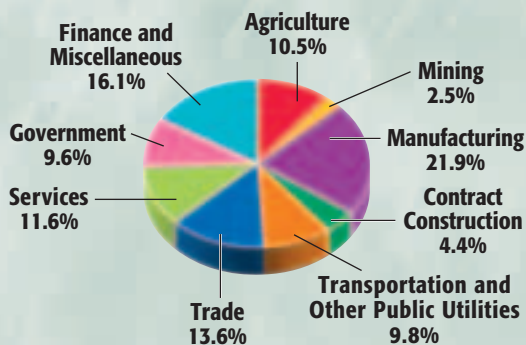
their new products, manufacturers turned to advertising, another booming industry in the 1920s.

Advertisers created appealing, persuasive messages that linked their clients' products with qualities associated with the modern era, such as progress, convenience, leisure, success, fashion, and style. In a 1924 magazine advertisement for deodorant, the headline read, "Flappers they may be—but they know the art of feminine appeal!" An advertisement for a prepared spaghetti product told the busy homemaker that heating is the same as cooking: "Just one thing to do and it's ready to serve." Advertisers also preyed on consumers' fears and anxieties, whether they be jarred nerves due to the hectic pace of modern life or insecurities about one's status or weight.

The Managerial Revolution By the early 1920s, many industries had begun to create modern organizational structures. Companies were divided into divisions with different functions, such as sales, marketing, accounting, and operations. To run these divisions, businesses needed to hire managers. Managers freed executives and owners from the day-to-day business of running their companies and allowed them to develop long-range plans and goals.

The managerial revolution in companies created a new career—the professional manager—and companies began to hire large numbers of people with managerial training from business schools. The large numbers of managers helped to expand the size of the middle class, which in turn added to the nation's prosperity. Similarly, so many companies relied on new technology to drive their business that engineers were also in very high demand. They too joined the ranks of the rapidly growing middle class.

Percentage of National Income Generated by Industry, 1919—1928



Source: Historical Statistics of the United States: Colonial Times to 1970.

Welfare Capitalism Middle-class Americans were not the only members of the new consumer society. Industrial workers also prospered in the 1920s, partly due to rising wages and partly because many corporations introduced what came to be called **welfare capitalism**. Companies allowed workers to buy stock, participate in profit sharing, and receive benefits such as medical care and pensions.

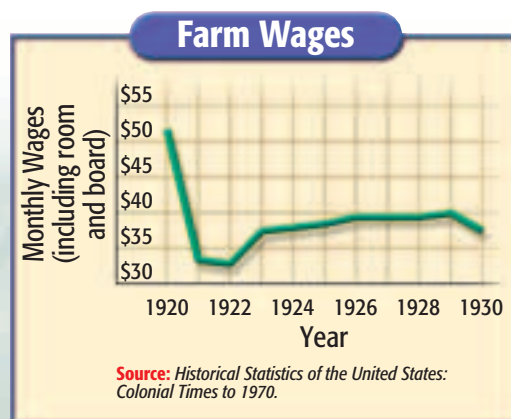
Benefits programs also made unions seem unnecessary to many workers. During the 1920s, unions lost both influence and membership. Employers promoted the **open shop**—a workplace where employees were not required to join a union.

With benefits covering some of their basic needs, workers were able to spend more of their income. Many eagerly purchased consumer goods they previously could not afford.

Reading Check Analyzing Bias How did advertisers try to convince Americans to buy their products?

The Farm Crisis Returns

American farmers did not share in the prosperity of the 1920s. As a group, they earned less than one-third of the average income for workers in the rest of the economy. Technological advances in fertilizers, pesticides, seed varieties, and farm machinery allowed them to produce more, but higher yields without a corresponding increase in demand meant that they received lower prices. Between 1920 and 1921, corn prices dropped almost 19 percent, and



Graph Skills

- Interpreting Graphs** How far did farm wages fall between 1920 and 1930?
- Understanding Cause and Effect** What caused the decline in wages? Do you think farmers could have done anything to prevent this?



American farm products. Congress had unintentionally made matters worse when it passed the Fordney-McCumber Act in 1922. This act raised tariffs dramatically in an effort to protect American industry from foreign competition. By dampening the American market for foreign goods, it provoked a reaction in foreign markets against American agricultural products. Farmers in the United States could no longer sell as much of their output overseas, and prices tumbled.

Helping Farmers Some members of Congress tried to help the farmers sell their surplus. Every year from 1924 to 1928, Senator Charles McNary of Oregon and Representative

Gilbert Haugen of Iowa proposed the McNary-Haugen Bill, which called for the federal government to purchase surplus crops and sell them abroad while protecting the American market with a high tariff. McNary and Haugen argued that the plan would immediately raise the domestic price of crops, and it would aid farmers just as the Fordney-McCumber tariffs helped manufacturers.

Congress passed the bill twice, but President Coolidge vetoed it both times. He argued that with money flowing to farmers under this law, the farmers would be encouraged to produce even greater surplus volumes, which the government would be unable to sell in glutted overseas markets. American farmers remained mired in recession throughout the 1920s. Their problems would only grow worse when the Great Depression began in 1929.

Reading Check **Synthesizing** What factors led to the growing economic crisis in farming in the 1920s?

Picturing History

Price of Progress With the help of improved technology in the 1920s, farm production went up—and farm prices and farmers’ income went down. **How do you explain this “quiet depression”?**

wheat went from \$1.83 a bushel to \$1.03. The cost to farmers of the improved technology, meanwhile, continued to increase.

Changing Market Conditions Many factors contributed to this “quiet depression” in American agriculture. During the war, the government had urged farmers to produce more to meet the great need for food supplies in Europe. Many farmers borrowed heavily to buy new land (at inflated prices) and new machinery in order to raise more crops. Sales were strong, prices were high, and farmers prospered. After the war, however, European farm output rose, and the debt-ridden countries of Europe had little to spend on

SECTION 2 ASSESSMENT



Study Central™ To review this section, go to tarvol2.glencoe.com and click on **Study Central™**.

Checking for Understanding

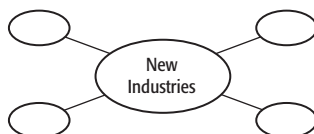
- Define:** mass production, assembly line, welfare capitalism, open shop.
- Identify:** Model T, Charles Lindbergh, National Broadcasting Company, Columbia Broadcasting System.
- Summarize** the factors that led to the new consumer society in the United States during the 1920s.

Reviewing Themes

- Science and Technology** How did the automobile impact American society?

Critical Thinking

- Identifying Cause and Effect** How did the United States government help spur the growth of the airline industry?
- Organizing** Use a graphic organizer similar to the one below to list some of the new industries that grew in importance during the 1920s.



Analyzing Visuals

- Analyzing Advertisements** Examine the advertisement on page 518. How did the growing consumer culture impact the nation’s economy?

Writing About History

- Expository Writing** Write an article for a contemporary newspaper analyzing the impact of Charles Lindbergh’s transatlantic flight on the development of aviation in the United States and the world.

The Policies of Prosperity

Guide to Reading

Main Idea

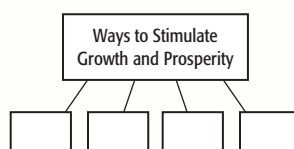
Economic policies of the United States government encouraged the prosperity of the 1920s.

Key Terms and Names

supply-side economics, cooperative individualism, isolationism, Charles G. Dawes, Charles Evans Hughes, moratorium, Kellogg-Briand Pact

Reading Strategy

Organizing As you read about government policies in the 1920s, complete a graphic organizer similar to the one below by filling in ways the government attempted to stimulate economic growth and prosperity.



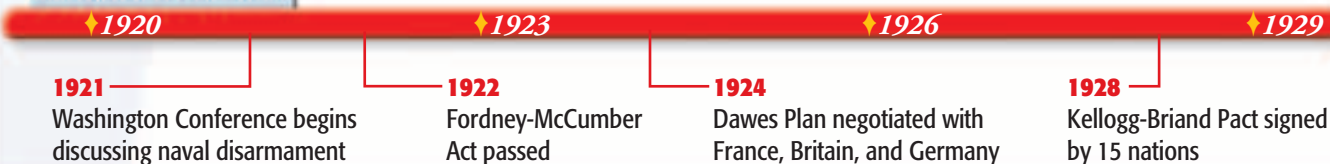
Reading Objectives

- **Explain** Andrew Mellon's economic strategies for maintaining prosperity.
- **Describe** how the United States remained involved in world affairs without joining the League of Nations.

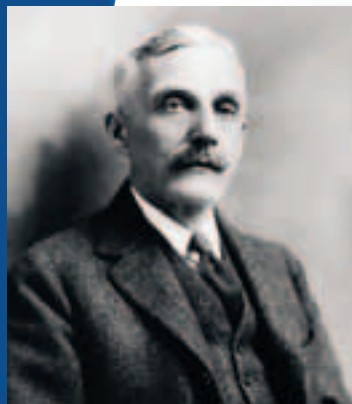
Section Theme

Economic Factors After World War I, the United States had to pay down a large amount of war debt while maintaining economic growth.

Preview of Events



★ An American Story ★



Andrew W. Mellon

After Election Day 1920, President-elect Harding began searching for qualified Americans for his cabinet. One of the most important posts would be secretary of the treasury. The nation faced a large national debt, and many worried that the country would not easily pull out of its postwar recession.

Harding was considering Andrew W. Mellon, a successful banker and industrialist, but he worried about Mellon's ties to industry and his relative anonymity. Harding's campaign manager, Harry Daugherty, reassured the president with a ringing endorsement of Mellon:

“A man who can quietly make the millions this modest-looking man has gathered in is little short of a magician. If there is one thing he knows it's money. He will make for you the greatest Secretary of the Treasury since Alexander Hamilton. . . .”

—adapted from *Mellon's Millions*

Promoting Prosperity

Harry Daugherty's confidence in Andrew Mellon proved to be well founded. Mellon became the chief architect of economic policy in the United States in the 1920s, and he served as secretary of the treasury in three successive Republican administrations. His policies encouraged growth and led to a stock market boom.



Picturing History

Harding's Cabinet Some members of Harding's cabinet (posing here with the president, seated center, in 1921) were effective administrators. **How did Secretary of the Treasury Andrew Mellon lower the national debt between 1921 and 1929?**

ECONOMICS

The Mellon Program Mellon firmly believed that the government should apply business principles to its operations. In 1921 he convinced Congress to create both the Bureau of the Budget to prepare a unified federal budget and the General Accounting Office to track government spending.

When Mellon took office, he had three major goals—to balance the budget, to reduce the government's debt, and to cut taxes. He was convinced that these policies would promote economic growth and ensure prosperity.

Mellon began by cutting government spending. The federal budget fell from \$6.4 billion to less than \$3 billion in seven years. One major expense was the interest on the national debt. World War I costs had raised the debt from \$5.7 billion in 1917 to almost \$26 billion by 1920. Mellon refinanced the debt to lower the interest on it and persuaded the Federal Reserve to lower its interest rates as well. These steps, combined with increased tax revenue from the nation's economic boom, reduced the debt by \$7 billion between 1921 and 1929.

In addition to trimming government spending, Mellon focused on reducing tax rates. He believed that high taxes reduced the money available for private investment and prevented business expansion. Mellon further argued that high tax rates actually reduced the amount of tax money the government collected. If taxes were lower, businesses and consumers would spend and invest their extra money, causing the economy to grow. As the economy grew, Americans would earn more money, and the government would actually

collect more taxes at a lower rate than it would if it kept tax rates high. This idea is known today as **supply-side economics**.

At Mellon's urging, Congress dramatically reduced tax rates. When Mellon took office, most taxpayers paid 4 percent federal income tax, while wealthy Americans in the highest bracket paid 73 percent. By 1928 Congress had reduced the rate most Americans paid to .5 percent and cut the rate for the wealthiest Americans to 25 percent.

Hoover's Cooperative Individualism Mellon's program was only one part of the government's effort to promote economic growth. Secretary of Commerce Herbert Hoover also sought to promote economic stability in various industries. Hoover tried to balance government regulation with his own philosophy of **cooperative individualism**. This idea involved encouraging manufacturers and distributors to form their own trade associations, which would voluntarily share information with the federal government. Hoover believed this system would reduce costs and promote economic efficiency.

To assist American businesses, Hoover also created several other agencies. He expanded the Bureau of Foreign and Domestic Commerce to find new markets and business opportunities for American companies. He also established the Bureau of Aviation to regulate and support the airline industry and the Federal Radio Commission, which set rules regarding the use of radio frequencies and the power of radio transmitters.

Reading Check **Evaluating** What government policies were intended to promote economic growth and improve business efficiency in the 1920s?

Trade and Arms Control

Before World War I the United States had owed billions of dollars more to foreign investors than foreigners owed to Americans. By the end of the war, the situation was reversed. Former wartime allies owed the United States more than \$10 billion in war debts incurred for food and armaments. By the 1920s the United States was the dominant economic power in the world—its national income far greater than that of Britain, Germany, France, and Japan combined. This new power presented the United States with a unique diplomatic challenge.

Isolationism In his victory speech after the 1920 election, President Harding declared the issue of American involvement in the League of Nations



“deceased.” The majority of Americans, tired of being entangled in the baffling, mutually hostile, and dangerous politics of Europe, favored **isolationism**. They simply wanted to be left alone to pursue prosperity.

The United States, however, was too powerful, too economically interconnected with other countries, and too widely involved in international affairs to retreat into isolationism. American delegations participated in many League conferences. It was United States policy to promote peace through agreements with individual countries rather than doing so through the collective efforts of the League.

The Dawes Plan The United States’s former war-time allies had difficulty making the payments on their immense war debts. They claimed that high American tariffs had closed the American market to their products and hampered their economic recovery. If they could not sell their products in the United States, they could not acquire the money they needed to pay off their war debts. They also argued that the United States should be willing to bear more of the financial burden because it had suffered far fewer wartime casualties than its allies.

The United States government took the stance that American taxpayers should not be asked to assume the debts of others. American officials argued further that America’s allies had gained new territory as a result of the victory over Germany, while the United

States had gained nothing. These countries also were receiving reparations—huge cash payments Germany was required to make as punishment for starting the war and causing so much destruction. These payments, however, were completely crippling the German economy.

It was vital for the United States that European economies be healthy so that the Europeans could buy American exports and repay their war debts. Thus, in 1924, **Charles G. Dawes**, an American banker and diplomat, negotiated an agreement with France, Britain, and Germany by which American banks would make loans to the Germans that would enable them to meet their reparations payments. At the same time, Britain and France would accept less in reparations and pay more on their war debts.

Although well intended, the Dawes Plan did little to ease Europe’s economic problems. Britain, France, and Germany went through the motions of paying what they owed while in fact going deeper into debt to American banks and corporations.

The Washington Conference Despite severe economic hardship, the major powers were involved in a costly postwar naval arms race. To help halt this arms race, the United States invited representatives from eight major countries—Great Britain, France, Italy, China, Japan, Belgium, the Netherlands, and

The Washington Conference, November 1921–February 1922

Treaty	Signers	Terms	Weaknesses
Four-Power Treaty	United States, Great Britain, France, Japan	<ul style="list-style-type: none"> All agreed to respect the others’ territory in the Pacific Full and open negotiations in the event of disagreements 	<ul style="list-style-type: none"> Mutual defense of other co-signers not specified
Five-Power Treaty	United States, Great Britain, France, Japan, Italy	<ul style="list-style-type: none"> All agreed to freeze naval production at 1921 levels and halt production of large warships for 10 years U.S. and Great Britain would not build new naval bases in the western Pacific 	<ul style="list-style-type: none"> No restrictions on the construction of smaller battle craft such as submarines and naval destroyers Did not place restrictions on the ground forces
Nine-Power Treaty	United States, Great Britain, France, Japan, Italy, Belgium, China, the Netherlands, Portugal	<ul style="list-style-type: none"> All agreed to preserve equal commercial rights to China—a reassertion of the “Open Door Policy” 	<ul style="list-style-type: none"> No enforcement of the terms of the “Open Door Policy” specified

Chart Skills

- Interpreting Charts** Which countries signed the Five-Power Treaty?
- Analyzing** Why do you think the terms of the treaties focused on the Pacific region?



Fact

Fiction

Folklore

The Tomb of the Unknown Soldier On March 4, 1921, Congress approved the burial of an unidentified World War I soldier in Arlington National Cemetery on a hill that overlooks Washington, D.C. This burial site, which was dedicated on November 11, 1921, is called the Tomb of the Unknown Soldier.

In 1958 two unknown soldiers from World War II and the Korean War were buried alongside the original unknown soldier. In 1984 a Vietnam War soldier was added.

On the side of the original tomb are inscribed the words: "Here rests in honored glory an American soldier known but to God." The Tomb is guarded year-round, day and night, regardless of weather.



Portugal—to Washington to discuss disarmament. The Washington Conference opened on November 12, 1921.

In his address to the delegates, Secretary of State **Charles Evans Hughes** proposed a 10-year **moratorium**—or pause—on the construction of major new warships. He also proposed a list of warships in each country's navy to be destroyed, beginning with some American battleships. The delegates cheered Hughes's speech and then entered into lengthy negotiations.

Their efforts produced three agreements. In the **Five-Power Naval Limitation Treaty**, Britain, France, Italy, Japan, and the United States essentially formalized Hughes's proposal. The **Four-Power Treaty** between the United States, Japan, France, and Britain recognized each country's island possessions in the Pacific. Finally, all the participating countries signed the **Nine-Power Treaty**, which guaranteed China's independence.

As a long-term effort to prevent war, the conference had some serious shortcomings. It did nothing to limit land forces. It also angered the Japanese because it required Japan to maintain a smaller navy than either the United States or Great Britain. It did, however, give Americans cause to look forward to a period of peace, recovery, and prosperity.

Abolishing War The apparent success of the Washington Conference boosted the belief that written agreements could end war altogether. Perhaps the highest expression of that idea occurred when U.S. Secretary of State Frank Kellogg and French Foreign Minister Aristide Briand proposed a treaty to outlaw war. On August 27, 1928, the United States and 14 other nations signed the **Kellogg-Briand Pact**. Eventually 62 nations ratified it.

Though it had no binding force, the pact was hailed as a victory for peace. It stated that all signing nations agreed to abandon war and to settle all disputes by peaceful means. The Kellogg-Briand Pact and the Dawes Plan were perhaps the most notable foreign policy achievements of the Coolidge administration.

Reading Check **Identifying** Why did the Dawes Plan fail to ease Europe's economic problems?

SECTION 3 ASSESSMENT



Study Central™ To review this section, go to tarvol2.glencoe.com and click on **Study Central™**.

Checking for Understanding

- Define:** *supply-side economics, cooperative individualism, isolationism, moratorium.*
- Identify:** Charles G. Dawes, Charles Evans Hughes, Kellogg-Briand Pact.

Reviewing Themes

- Economic Factors** Why did Andrew Mellon work to reduce federal tax rates?

Critical Thinking

- Evaluating** What efforts did the United States make to promote permanent peace and worldwide economic recovery? Were these efforts successful? Explain your answer.
- Categorizing** Use a graphic organizer like the one below to list the major terms of the treaties resulting from the Washington Conference.

Major Terms
of Treaties

Analyzing Visuals

- Analyzing Photographs** Study the photograph on page 522 of President Harding's cabinet of advisers. What differences do you see between politics and the media then and now?

Writing About History

- Persuasive Writing** Imagine you are an American business owner or farmer in the 1920s. Write a letter to your representatives in Congress explaining why you think cutting tax rates is a good or bad idea.



Critical Thinking SKILLBUILDER

Distinguishing Fact From Opinion

Why Learn This Skill?

Imagine that you are watching two candidates for president debate the merits of the college loan program. One candidate says, "In my view, the college loan program must be reformed. Sixty percent of students do not repay their loans on time."

The other candidate responds, "College costs are skyrocketing, but only 30 percent of students default on their loans for more than one year. I believe we should spend more money on this worthy program."

How can you tell who or what to believe? First, you must learn to distinguish a fact from an opinion. Then you will be better prepared to evaluate the statements that other people make.

Learning the Skill

A **fact** is a statement that can be proven. In the example above, the statement "Sixty percent of students do not repay their loans on time" may be a fact. By reviewing statistics on the number of student loan recipients who repay their loans, we can determine whether the statement is true or false. To identify potential facts, look for words and phrases indicating specific people, places, events, dates, amounts, or times.

An **opinion**, on the other hand, expresses a personal belief, viewpoint, or emotion. Because opinions are subjective, we cannot prove or disprove them. In the example above, most statements by the candidates are opinions. To identify opinions, look for qualifying words and phrases such as *I think, I believe, probably, seems to me, may, might, could, ought, should, in my judgment, and in my view*. Also, look for expressions of approval or disapproval such as *good, bad, poor, and satisfactory*. Be aware of superlatives such as *greatest, worst, finest, and best*, and notice words with negative meanings and implications such as *squander, contemptible, and disgrace*. Also, identify generalizations such as *none, every, always, and never*.

Practicing the Skill

For each pair of statements below, determine which is a fact and which is an opinion. Give a reason for each of your choices.

- 1 a. President Harding was born in Ohio in 1865.
b. Harding later became the most scandalous president in United States history.
- 2 a. Harding's administration suffered numerous public scandals, including the Teapot Dome scandal.
b. Calvin Coolidge was probably disgusted with Harding's poor performance in the White House.
- 3 a. Harding stated that the United States needed a return to normalcy, but he did not do anything to help the country.
b. Coolidge took over the White House after Harding's death and led the nation for the next several years.
- 4 a. Henry Ford significantly lowered the price of the automobile with his mass production methods.
b. Ford's Model T was the most significant invention of the 20th century.

Skills Assessment

Complete the Practicing Skills questions on page 527 and the Chapter 16 Skill Reinforcement Activity to assess your mastery of this skill.

Applying the Skill

Distinguishing Fact From Opinion In a newspaper, find a news article and an editorial on the same topic or issue. Identify five facts and five opinions from these sources.



Glencoe's **Skillbuilder Interactive Workbook CD-ROM, Level 2**, provides instruction and practice in key social studies skills.

Reviewing Key Terms

On a sheet of paper, use each of the following terms in a sentence.

1. normalcy
2. immunity
3. mass production
4. assembly line
5. welfare capitalism
6. open shop
7. supply-side economics
8. cooperative individualism
9. isolationism
10. moratorium

Reviewing Key Facts

11. **Identify:** Albert B. Fall, Teapot Dome scandal, Charles Lindbergh, Charles G. Dawes, Charles Evans Hughes, Kellogg-Briand Pact.
12. What was the presidency of Warren G. Harding like?
13. How did President Coolidge restore public confidence?
14. What were four new industries, besides the automobile industry, that grew in importance during the 1920s?
15. How did Henry Ford increase worker loyalty and impact the labor movement?
16. What were Andrew Mellon's strategies for maintaining postwar American prosperity?

Critical Thinking

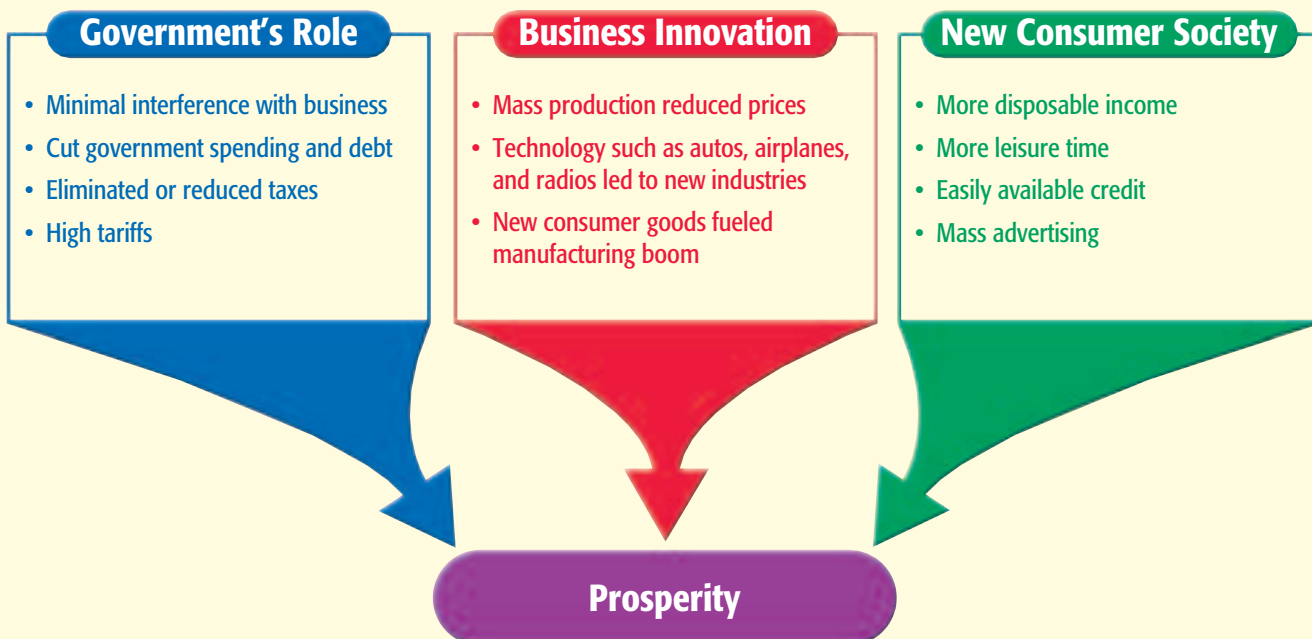
17. **Analyzing Themes: Culture and Traditions** How did automobiles change the standard of living during the 1920s?

18. **Evaluating** How effective were President Coolidge's attempts to distance himself from the Harding administration? Explain your answer.
19. **Forming an Opinion** The former World War I allies felt that the United States should have borne more of the financial burden after the war. Do you agree or disagree? Explain your answer.
20. **Identifying Cause and Effect** Examine the graph on page 519. What caused the trend illustrated in this graph?
21. **Interpreting Primary Sources** In December 1928, President Coolidge delivered his annual State of the Union message to Congress. Read the excerpt and answer the questions that follow.

“The great wealth created by our enterprise and industry, and saved by our economy, has had the widest distribution among our own people, and has gone out in a steady stream to serve the charity and the business of the world. The requirements of existence have passed beyond the standard of necessity into the region of luxury. . . . The country can regard the present with satisfaction and anticipate the future with optimism.

The main source of these unexplained blessings lies in the integrity and character of the American people. They have had great faith, which they have supplemented with mighty works. . . . Yet these remarkable powers would have been exerted almost in vain

Chapter Summary



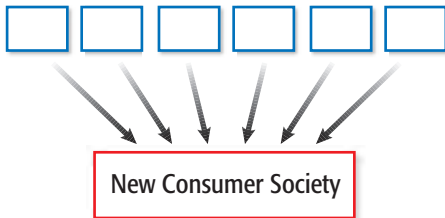
Self-Check Quiz

Visit the *American Republic Since 1877* Web site at tarvol2.glencoe.com and click on **Self-Check Quizzes—Chapter 16** to assess your knowledge of chapter content.

without the constant cooperation and careful administration of the Federal Government. . . .”

—from President Coolidge’s Annual Message to Congress, December 4, 1928

- a. According to Coolidge, how should Americans feel about the present economy and the future economy?
 - b. Whom does Coolidge credit for U.S. prosperity?
22. **Organizing** Use a graphic organizer like the one below to list the factors that helped create a new consumer society in the United States during the 1920s.



Practicing Skills

23. **Distinguishing Fact From Opinion** Read the following statements. Determine which are facts and which are opinions. Give a reason for each of your choices.
- a. American farmers earned less than one-third the average income for workers in the rest of the economy in the 1920s.
 - b. President Harding’s choice to appoint Colonel Charles R. Forbes to head the Veterans Bureau was his worst decision in office.
 - c. The Kelly Act authorized postal officials to contract with private airplane operators to carry mail.

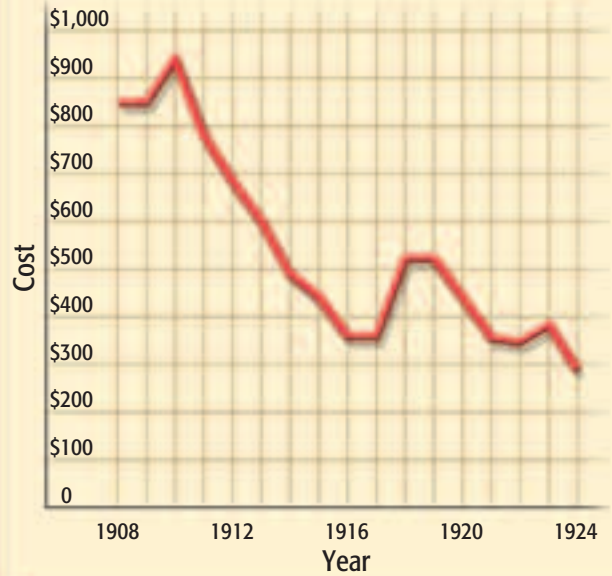
Chapter Activity

24. **American History Primary Source Document Library CD-ROM** Under *The Roaring Twenties*, read “Ford and the Model T” by Charles E. Sorenson. Work with a few of your classmates to create a diorama of the first Model T assembly line based on the information in the article.

Writing Activity

25. **Persuasive Writing** Use the Internet or other resources to research advertisements and products from the 1920s. Then, based on the style of these advertisements, create an ad for a personal-care product that became popular in the 1920s, such as mouthwash, deodorant, cosmetics, or perfume.

Cost of a Model T, 1908—1924



Economics and History

26. The graph above shows the cost of a new Model T automobile between 1908 and 1924. Study the graph and answer the questions below.
- a. **Interpreting Graphs** By how much did the cost of the Model T drop from 1908 to 1920?
 - b. **Evaluating** How was Henry Ford able to lower the price of the Model T?

Standardized Test Practice

Directions: Choose the phrase that best completes the following sentence.

One of the effects of World War I on the American economy was

- A a sharp rise in unemployment.
- B stronger government control over industry.
- C a sharp decrease in taxes.
- D the abolition of labor unions, which were seen as unpatriotic.

Test-Taking Tip: This question is asking for a cause-and-effect relationship. Look for an answer that can be *directly related* to the needs of a wartime economy. During the war, it was necessary to produce supplies and munitions for the armed forces (which also needed more personnel), so answer A must be incorrect. In fact, there were more jobs and fewer workers to fill them, so unemployment is not a logical choice.