

Ch 20 Section 3 The Business of America

American Industries Flourish

Coolidge's Economic Policy

- **Calvin Coolidge** favors minimal government interference in business
- allow private enterprise to flourish

The Impact of the Automobile

- Cars change life—paved roads, gas stations, motels, shopping centers
- Give mobility to rural families, women, young people
- Workers live far from jobs, leads to **urban sprawl** (spread of cities)
- Auto industry economic base for some cities, boosts oil industry
- By late 1920s, 1 car for every 5 Americans

The Young Airplane Industry

- Airplane industry starts as mail service for U.S. Post Office
- Weather forecasting begins; planes carry radios, navigation tools
- Lockheed Company produces popular transport plane of late 1920s
- 1927, Pan American Airways inaugurates transatlantic flights

America's Standard of Living Soars

Incomes Grow

- Average annual income rises over 35%, from \$522 to \$705
- Tariffs rose dramatically in the early 1920s

Electrical Conveniences

- Factories use electricity to run machines
- Development of alternating current gives electricity to suburbs
- By end of 1920s, more homes begin to have electrical appliances
- Appliances make housework easier, free women for other activities
- Appliances coincide with trend of women working outside home

The Dawn of Modern Advertising

- Advertising agencies hire psychologists to learn to appeal to public
- Make brand names familiar nationwide; push luxuries as necessities
- Businesspeople work with service groups
- promote selves as benefactors of society

A Superficial Prosperity

Producing Great Quantities of Goods

- Most Americans believe prosperity will last forever
- Productivity increasing, businesses expanding
- Mergers in auto industry, steel, electrical equipment, utilities
- Chain stores develop; national banks allowed to create branches
- Income gap between workers, managers grows
- Iron, railroad industries not prosperous; farms suffer losses

Buying Goods on Credit

- **Installment plan**—pay for goods over extended period with interest
- Banks provide money at low interest rates
- Some economists, business owners think installment buying excessive
- Think is sign of fundamental weakness behind superficial prosperity