

## **AMERICAN CIVILIZATION**

### **The Roaring Twenties**

The United States was very rich during the 1920's. Because of the First World War, other countries owed it a lot of money. It had plenty of raw materials and plenty of factories. Its national income- the total earnings of all citizens was much higher, than that of Britain, France, Germany and Japan put together.

Families purchased their first automobile, radio, and refrigerator, and they began going to the movies regularly. And suffragists, after decades of political activism, succeeded in getting approval of a constitutional amendment in 1920 that gave women the right to vote. Businessmen became popular heroes in the 1920's. Men like Henry Ford were widely admired as the creators of the nation's prosperity.

Yet there were lots of poor Americans. A survey in 1929 showed that half the American people had hardly enough money to buy sufficient food and clothing. The main reason for poverty among industrial workers was low wages. Farmers in the South did not own the land they farmed. They were sharecroppers and gave the landowners part of what they grew. Often much that is left was hardly sufficient to feed their families. By 1921, the countries of Europe no longer needed so much American food. American farmers found themselves growing products they could not sell. By 1924 around 600 000 of them were bankrupt.

### **The Wall Street Crash OR the "Great Depression"**

In the heart of **New York City** lies a narrow street enclosed by the walls of high office building. Its name is **Wall Street**. Wall Street is the home of the **New York Stock Exchange**. Here dealers called **stockbrokers** buy and sell valuable pieces of paper. The pieces of papers are **share certificates**. Each certificate represents a certain amount of money invested in a company. Owning shares in a business gives you the right to a share

of its profits. But you can make money from shares in another way. You can buy them at one price, then, if the company does well, sell them later at a higher one.

More and more people were eager to get some of this easy money. By 1929 buying and selling shares—playing the market—had become almost a national hobby. Like most other things in the United States, you could buy shares on credit. A hundred dollars would buy a thousand dollars' worth of shares from any stockbroker. Many people borrowed large amounts of money from the banks to buy shares in this way. “on the margin” as it was called.

By the fall of 1929 the urge to buy shares had become a sort of fever. Prices went up and up. Yet some people began to have doubts when the profits being made by many American firms had been decreasing for some time. If profits were falling, thought more cautious investors, the share prices, too, would soon fall. Slowly, such people began to sell their shares. Day after day their numbers grew. Soon so many people were selling shares that prices did start to fall.

By the end of the year the value of all shares had dropped by \$40 000 Million. Thousands of people, especially those who had borrowed to buy on the margin, found themselves facing debt and ruin. Some committed suicide. The collapse of the American share prices was known as the **Wall Street Crash**. It marked the end of the prosperity of the 1920's. “What had gone wrong?” people asked. Some blamed the blindness of the politicians for the Crash, others the greed of investors and stockbrokers. But it had a more important cause. The fact that by the end of the 1920s not enough people were buying the products of America's expanded industries, because too little of the United States' increased wealth was finding its way into the hands of the country's workers and farmers. The most important cause of the Wall Street Crash was simply this- **too few Americans were earning enough money to buy the goods that they themselves were producing.**

### **The New Deal**

In the early 1930s, President Franklin Roosevelt proposed a “**New Deal**” — a plan designed to lift Americans out of the Great Depression as quickly as possible. Regulations were imposed on the sale of stocks. Laws were passed to guarantee the right of workers to be represented by unions.

Farmers received subsidies for certain crops and assistance in preventing soil erosion. The Civilian Conservation Corps employed young men to plant trees, clean up waterways, and improve facilities in national parks. **The Public Works Administration** hired skilled laborers for large-scale projects, such as building dams and bridges. **The Tennessee Valley Authority** provided flood control and electric power for that impoverished area. And the **Federal Emergency Relief Administration** distributed aid, often in the form of direct payments.

A second round of programs employed workers to build roads, airports, and schools; hired artists, actors, musicians, and writers; and gave part-time employment to young people. It also established the Social Security system to help the poor, disabled, and elderly.

Americans were generally uneasy with the idea of big government, yet they wanted the government to take greater responsibility for the welfare of ordinary people. And while the New Deal provided tangible help for millions of Americans, it never succeeded in restoring prosperity. Better times would come, but not until after another world war had swept the United States into its path.

The United States tried to remain neutral while totalitarian regimes in **Germany**, **Italy**, and **Japan** expanded their control over neighboring countries. Debate intensified after Germany invaded France and began bombing Britain. Despite strong isolationist sentiment, Congress voted to recruit soldiers and strengthen the military.

American industry and agriculture were harnessed for the war effort. Production of military equipment was staggering: 300,000 aircraft, 5,000 cargo ships, 60,000 landing craft, and 86,000 tanks in less than four years. Much of the work was done by women, who went to work in factories while men went to fight.

“The war?” the former Red Cross worker said to the interviewer. “The war was fun for America.” Americans were the only people in the world that the Second World War had made better off. Their homes had not been bombed or their land fought over. Busy wartime factories had given them good wages. Between 1947 and 1971 the value of their wages in buying power more than doubled. Americans bought more houses, cars, television sets, and consumer goods for every kind. They became the most prosperous people the world had ever seen.