

Summary: A Growing Economy

Changes in Production

After the end of World War I, Americans elected Warren G. Harding to be President. President Harding knew that Americans were tired of war. He said Americans should stop thinking about war and go back to their homes and jobs.

After the war ended, there was a boom in the United States economy. The United States became the richest country in the world. Many Americans earned enough money to buy homes.

Henry Ford's factories began to use mass production to make cars. Mass production means using machines to make many of the same products at the same time. Each worker along an assembly line did one job. This way of organizing work is called division of labor. It allowed Ford to make cars faster and more cheaply.

Mass production changed the economy because it helped industries grow. As they grew, they hired more workers. The workers earned more money and bought more goods.

Many Americans invested their money. They bought stocks in different companies on the stock market. They hoped they could sell the stock at a higher price to make a profit. Other people put their money into savings accounts at banks. Banks lent money to businesses to help them grow.

Government in the 1920s

The United States elected three Presidents in the 1920s: Warren G. Harding, Calvin Coolidge, and Herbert Hoover. All three Presidents were Republicans. They all wanted the U.S. economy to grow even stronger.

Coolidge wanted the government to work like a business. His government collected more money than it spent. He also cut taxes so people would have more money to spend and invest.

In 1929, Herbert Hoover became President. He thought the government should not do too much to make the economy strong. He believed that real economic growth came from the hard work of ordinary people. In the 1920s, people thought prosperity would last forever.

Before You Read

Find and underline each vocabulary word.

boom *noun*, a period of fast economic growth

assembly line *noun*, a long line of workers and equipment

division of labor *noun*, a way of organizing work

stock *noun*, a share of ownership in a company

stock market *noun*, a place where stocks are bought and sold

After You Read

REVIEW In what way did mass production change the economy? Underline the sentences that tell the answer.

REVIEW How did Calvin Coolidge encourage economic growth? Highlight the sentences that tell how Coolidge wanted the government to work.