

The Economy of the 1920s v. The Economy of the 1930s

1920s in the United States

After WWI, the US economy was strong. We had had no damage done to our country. We were on the winning side. Our country's industry was now the strongest since Britain and Germany had had so much damage.

Many Americans were prosperous in the 1920s. People began buying goods with credit (borrowed money). They bought goods they normally could not afford because they had so much credit and they could pay later. They had good feelings about their futures and figured they'd be able to pay later. Since people were buying so many products prices began to go up. Business was booming.

Since business was booming, businesses and companies began to expand quickly. They wanted to produce more goods so that they could sell more goods. US businesses were providing goods to the whole world. As businesses expanded they began to hire more workers. Employment rates were very high - unemployment was low. Most people had jobs.

Since Americans were buying so many things with credit, businesses made lots of money. Therefore, they paid their workers high wages. People felt confident because of the money they got paid, so they bought even more things on credit. Because people got paid more and spent more, prices rose.

With their extra money people began to buy stock. Many people had never bought stock before. Because so many people were buying stock, the stock prices went up very high. They even bought stocks with credit. People put more money in stocks than ever before. They also put their money in banks to keep it safe. Banks got more and more an money which they then loaned out to people.

Late in the 20s, the US put high tariffs on products from other countries. Tariffs are taxes placed on goods from other countries. Tariffs made imported goods too expensive so that people would "buy American". This began to cut down on trade between countries.

	1920s	1930s
Credit		
Wages		
Employment		
Sales		
Stock Market		
Banks		
Trade Prices/ Tariffs		