

**Study Questions for Peter Fearon, “The Economy During the 1920s”**

1. The 1920s have been called the “prosperity decade.” To what extent does the name fit?
2. How did Hoover’s views on the federal government’s role in managing the economy differ from those of Harding, Coolidge, and Mellon?
3. What were “trade associations”? How, potentially, could joining a trade association benefit a small or mid-sized business?
3. What were the arguments for high wages? What other policies did high wage advocates usually propose?
4. Why was there an increase in investment in American businesses during the 1920s? Where was the money coming from?
5. Why did companies become more productive and efficient during the 1920s? How did mergers contribute to rising efficiency?
6. When productivity increases, more goods can be manufactured for a lower overall cost, allowing for more profits even if prices remain stable. Similarly, when productivity increases, even an increase in demand for a product need not drive up the price. During the 1920s, who benefited (and who benefited the most) from increased productivity?
7. How did the boom in auto manufacturing affect the broader economy?
8. Why was there a construction boom (both residential and non-residential) during the 1920s? Why would a collapse in the construction sector have a widespread negative impact on the economy?
9. Even though there was a growth in total employment between 1920 and 1929, why did many workers still feel insecure? Why does the author argue that in evaluating labor’s situation we must look beyond aggregate statistics like rate of employment?
10. Why did union membership decline during the 1920s? To what extent was this the result of conditions beyond organized labor’s control? To what extent does the AFL leadership bear part of the responsibility?
11. How would you characterize the distribution of income during the 1920s? Who benefited the most from the decade’s prosperity? Why did some Americans do better than others?