

3.3 Rise of Mass Production and Consumption

In the US, recovery was quicker. We have already seen how the war helped boost the US economy. After a short period of economic India and the Contemporary World trouble in the years after the war, the US economy resumed its strong growth in the early 1920s. One important feature of the US economy of the 1920s was mass production. The move towards mass production had begun in the late nineteenth century, but in the 1920s it became a characteristic feature of industrial production in the US. A well-known pioneer of mass production was the car manufacturer Henry Ford. He adapted the assembly line of a Chicago slaughterhouse (in which slaughtered animals were picked apart by butchers as they came down a conveyor belt) to his new car plant in Detroit. He realised that the 'assembly line' method would allow a faster and cheaper way of producing vehicles. The assembly line forced workers to repeat a single task mechanically and continuously – such as fitting a particular part to the car – at a pace dictated by the conveyor belt. This was a way of increasing the output per worker by speeding up the pace of work. Standing in front of a conveyor belt no worker could afford to delay the motions, take a break, or even have a friendly word with a workmate. As a result, Henry Ford's cars came off the assembly line at three-minute intervals, a speed much faster than that achieved by previous methods. The T- Model Ford was the world's first mass-produced car. At first workers at the Ford factory were unable to cope with the stress of working on assembly lines in which they could not control the pace of work. So they quit in large numbers. In desperation Ford doubled the daily wage to \$5 in January 1914. At the same time he banned trade unions from operating in his plants. Henry Ford recovered the high wage by repeatedly speeding up the production line and forcing workers to work ever harder. So much so, he would soon describe his decision to double the daily wage as the 'best cost-cutting decision' he had ever made. Fordist industrial practices soon spread in the US. They were also widely copied in Europe in the 1920s. Mass production lowered costs and prices of engineered goods. Thanks to higher wages, more workers could now afford to purchase durable consumer goods such as cars. Car production in the US rose from 2 million in 1919 to more than 5 million in 1929. Similarly, there was a spurt in the purchase of refrigerators, washing machines, radios, gramophone players, all through a system of 'hire purchase' (i.e., on factory. The Making of a Global World credit repaid in weekly or monthly instalments). The demand for refrigerators, washing machines, etc. was also fuelled by a boom in house construction and home ownership, financed once again by loans. The housing and consumer boom of the 1920s created the basis of prosperity in the US. Large investments in housing and household goods seemed to create a cycle of higher employment and incomes, rising consumption demand, more investment, and yet more employment and incomes. In 1923, the US resumed exporting capital to the rest of the world and became the largest overseas lender. US imports and capital exports also boosted European recovery and world trade and income growth over the next six years. All this, however, proved too good to last. By 1929 the world would be plunged into a depression such as it had never experienced before.