The American Economy in the 1950s

Date

Institutional Affiliation

Question One

The 1950s in America was considered a period of prosperity. It was the period after WWII as the cold war unfolded. While other countries struggled to recover from WWII devastation, US citizens’ living standards surpassed previous generations. During this economic boom, inflation remained low, and gross national product increased to 300 thousand million dollars in 1950 from 200 in 1940. With more discretionary income, more Americans considered themselves part of the middle class. 60% of American citizens owned their own homes by the end of the decade and had 30% more purchasing power (Oakley, 1986). Moreover, the economy attained a 37% growth during the 50s. Unemployment also remained as low as 4%. However, several factors contributed to these economic ‘good times’ for many Americans.

An increase in consumer spending and demand in supply is one of the significant factors that contributed to the 1950s economic boom. After the war, people feared that a decrease in military spending might renew the great depression. As a result, there was rationing during the war. However, the end of the war allowed people to spend money on consumer goods. This forced America to shift from a production society and focus on meeting the basic needs of the growing consumption society (Oakley, 1986). Since the country had abundant resources, it turned part of its productive capacity into producing unnecessary goods. Items such as televisions, cars, and refrigerators defined the ‘good life,’ and with then being within economic reach, people in the working class could attain the upward mobility they desired. The new consumerism was considered an opportunity to deemphasize class differences and stress traditional gender roles.

Industries were also responsible for this economic good life. For instance, the war forced the government to maintain a large military. It also invested in sophisticated weapons, thus giving rise to a vast military-industrial complex. The automobile industry also played a part as it quadrupled its annual production between 1946 and 1955. Easily affordable mortgages also stimulated a housing boom, further fuelling the expansion. Industrial America changed as workers produced more services and fewer goods. The employment Act of 1946 facilitated employment and production. Lastly, the country restructured international financial systems leading to the creation of institutions that ensured an open, capitalist global economy.

Question Two

Immediately after World War II, Americans moved to suburban areas in a period called the baby boom. Developers during the 1950s bought land in the outskirts and developed modest and less expensive residential and business buildings. Also, in the 1950s, after the economic boom, most Americans could afford luxury equipment such as cars and televisions. An average of 4.5 million U.S. families was reported to own a television in their homes (Oakley, 1986). Moreover, the economic good economic times of the 1950s promoted the development of pop culture, which attracted a lot of talents. Pop culture was a new trend with the title "rock and roll," which made music marketable since it targeted the youths. Besides, the booking prosperity experienced by Americans in the 1950s played a significant role in shaping the stability, consensus, and contentment in the U.S. by the year 1960.

Additionally, during the economic good times, Americans enjoyed low taxes, balanced public spending, and balanced budget that promoted the growth of businesses and the stability of the American economy. The growth contributed to a steady growth and development of new homes and credit purchase on consumer goods. Inflation was also minimal during the good economic times because of the balanced federal budget, and therefore Americans could afford most of their essential needs without significant financial strains. Nonetheless, the good economic times contributed to the development of affordable college education that benefited most American youths.

Furthermore, Americans during the good economic times shifted from a production-based economy to a consumer-based approach that emphasized what customers wanted rather than what they needed. Therefore, America could afford to turn some of its production power into creating surplus and unnecessary goods to satisfy human wants. The economic boom of the 1950s also promoted the production of more automobiles made transportation and work more accessible for Americans. Unlike other countries, America had wholly recovered from post-war trauma by the 1950s and had already battled the post-war economic depression (Oakley, 1986). The economic boom improved the living standards of Americans by introducing and promoting the production industry such as textiles and the food industry. Perhaps, the most significant benefit of the economic boom was creating employment opportunities and increased rural-urban migration. To sum up, the economic boom led to the development of social amenities such as hospitals, schools, police stations, libraries, and other facilities that promoted the interaction of Americans and contributed to the growth of America's gross domestic product.

Reference

Oakley, R., (1986). *God's country: America in the fifties*. New York, US: W.W. Norton.