

## The Postwar Economy: 1945-1960

In the decade and a half after World War II, the United States experienced phenomenal economic growth and consolidated its position as the world's richest country. Gross national product (GNP), a measure of all goods and services produced in the United States, jumped from about \$200,000-million in 1940 to \$300,000-million in 1950 to more than \$500,000-million in 1960. More and more Americans now considered themselves part of the middle class.

The growth had different sources. The economic stimulus provided by large-scale public spending for World War II helped get it started. Two basic middle-class needs did much to keep it going. The number of automobiles produced annually quadrupled between 1946 and 1955. A housing boom, stimulated in part by easily affordable mortgages for returning servicemen, fueled the expansion. The rise in defense spending as the Cold War escalated also played a part.

After 1945 the major corporations in America grew even larger. There had been earlier waves of mergers in the 1890s and in the 1920s; in the 1950s another wave occurred. Franchise operations like McDonald's fast-food restaurants allowed small entrepreneurs to make themselves part of large, efficient enterprises. Big American corporations also developed holdings overseas, where labor costs were often lower.

Workers found their own lives changing as industrial America changed. Fewer workers produced goods; more provided services. As early as 1956 a majority of employees held white-collar jobs, working as managers, teachers, salespersons, and office operatives. Some firms granted a guaranteed annual wage, long-term employment contracts, and other benefits. With such changes, labor militancy was undermined and some class distinctions began to fade.

Farmers – at least those with small operations – faced tough times. Gains in productivity led to agricultural

consolidation, and farming became a big business. More and more family farmers left the land.

Other Americans moved too. The West and the Southwest grew with increasing rapidity, a trend that would continue through the end of the century. Sun Belt cities like Houston, Texas; Miami, Florida; Albuquerque, New Mexico; and Phoenix, Arizona, expanded rapidly. Los Angeles, California, moved ahead of Philadelphia, Pennsylvania, as the third largest U.S. city and then surpassed Chicago, metropolis of the Midwest. The 1970 census showed that California had displaced New York as the nation's largest state. By 2000, Texas had moved ahead of New York into second place.

An even more important form of movement led Americans out of inner cities into new suburbs, where they hoped to find affordable housing for the larger families spawned by the postwar baby boom. Developers like William J. Levitt built new communities – with homes that all looked alike – using the techniques of mass production. Levitt's houses were prefabricated – partly assembled in a factory rather than on the final location – and modest, but Levitt's methods cut costs and allowed new owners to possess a part of the American dream.

As suburbs grew, businesses moved into the new areas. Large shopping centers containing a great variety of stores changed consumer patterns. The number of these centers rose from eight at the end of World War II to 3,840 in 1960. With easy parking and convenient evening hours, customers could avoid city shopping entirely. An unfortunate by-product was the "hollowing-out" of formerly busy urban cores.

New highways created better access to the suburbs and its shops. The Highway Act of 1956 provided \$26,000-million, the largest public works expenditure in U.S. history, to build more than 64,000 kilometers of limited access interstate highways to link the country together.

Television, too, had a powerful impact on social and economic patterns. Developed in the 1930s, it was not widely marketed until after the war. In 1946 the country had fewer than 17,000 television sets. Three years later consumers were buying 250,000 sets a month, and by 1960 three-quarters of all families owned at least one set. In the middle of the decade, the average family watched television four to five hours a day. Popular shows for children included Howdy Doody Time and The Mickey

Mouse Club; older viewers preferred situation comedies like I Love Lucy and Father Knows Best. Americans of all ages became exposed to increasingly sophisticated advertisements for products said to be necessary for the good life.

1. Define the term *gross national product (GNP)*.

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2. List three reasons why the American economy grew after World War II.

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3. What undermined labor militancy in the 1950s?

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4. What is the Sun Belt?

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5. During the postwar years, many Americans left the inner cities for new \_\_\_\_.

- a. downtowns
- b. farms
- c. nations
- d. suburbs

6. What was the unfortunate by-product of large shopping centers?

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7. What 1956 act was the largest public works expenditure in U.S. history?

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8. Name four popular television shows of the postwar years.

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