

Objectives

- Describe how the United States made the transformation to a peacetime economy.
- Discuss the accomplishments of Presidents Harry Truman and Dwight Eisenhower.
- Analyze the 1950s economic boom.



Terms and People

- **demobilization** – sending home members of the army
- **GI Bill of Rights** – eased the return of World War II veterans by providing education and employment aid
- **baby boom** – increase in births between 1945 and 1964

Terms and People (continued)

- **productivity** – the rate at which goods are produced or services performed
- **Taft-Hartley Act** – a law that restricted the power of labor unions; outlawed the closed shop, a workplace in which only union members can be hired
- **Fair Deal** – President Truman's program to expand New Deal reforms



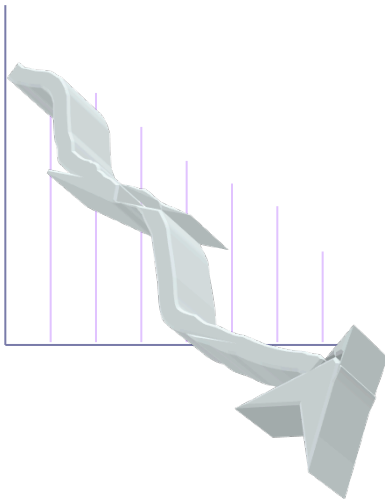
How did the nation experience recovery and economic prosperity after World War II?

The GI Bill of Rights and a strong demand for consumer goods – coupled with defense spending on the Korean War and increased foreign demand for U.S. goods – greatly improved the economy.

The U.S became the richest country in the world.

After World War II, many citizens and economists feared the country would fall into a widespread depression.

- Truman started **demobilization**, and millions of soldiers came home and **searched for work**.
- Contracts to produce military goods were cancelled and **millions of defense workers lost their jobs**.
- An end to rationing and price controls – plus a demand for goods – fueled **inflation**.



The post-war U.S. did not experience unemployment or a renewed depression, but it did have serious economic problems.

The most painful was **skyrocketing prices**.

Prices rose about 18 percent in 1946, and the prices of some products doubled.

To help veterans, the federal government enacted the **GI Bill of Rights.**

Benefit	Results
<ul style="list-style-type: none"> The bill provided one year of unemployment pay for veterans unable to find work. 	<ul style="list-style-type: none"> The pay helped veterans support themselves and their families.
<ul style="list-style-type: none"> The bill provided financial aid to attend college. 	<ul style="list-style-type: none"> Eight million veterans entered or returned to college.
<ul style="list-style-type: none"> The bill entitled veterans to loans for buying homes and starting businesses. 	<ul style="list-style-type: none"> There was an upsurge in home construction, which led to explosive growth in suburban areas.

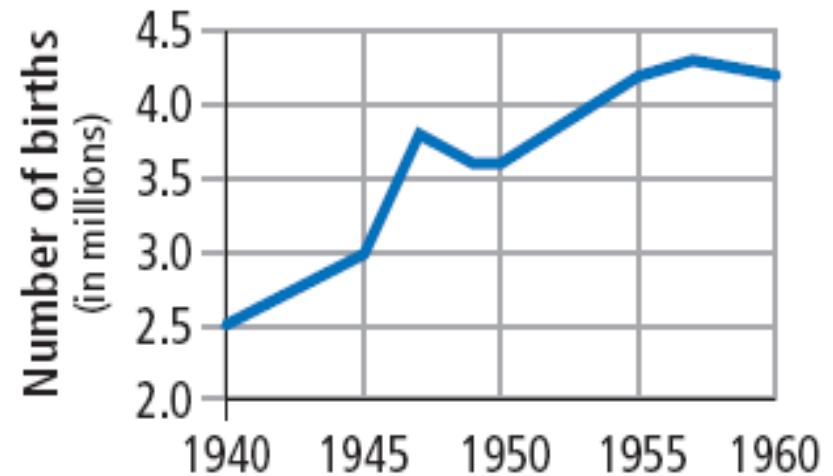
With the Great Depression and the war behind them, many returning soldiers quickly married and started families.



The result was a postwar **baby boom**.

Between 1940 and 1955, the U.S. population experienced its greatest increase, growing 27 percent from about 130 to about 165 million.

Birthrate, 1940–1960



SOURCE: *Historical Statistics of the United States*

When wartime restrictions ended, **demand for consumer goods soared**. Businesses employed more people to produce goods.

This **created a cycle**—

People **bought**
new goods

Businesses **hire**
more workers

The postwar years ushered in a period of domestic prosperity that lasted nearly 20 years.

The U.S. became the richest country in the world.

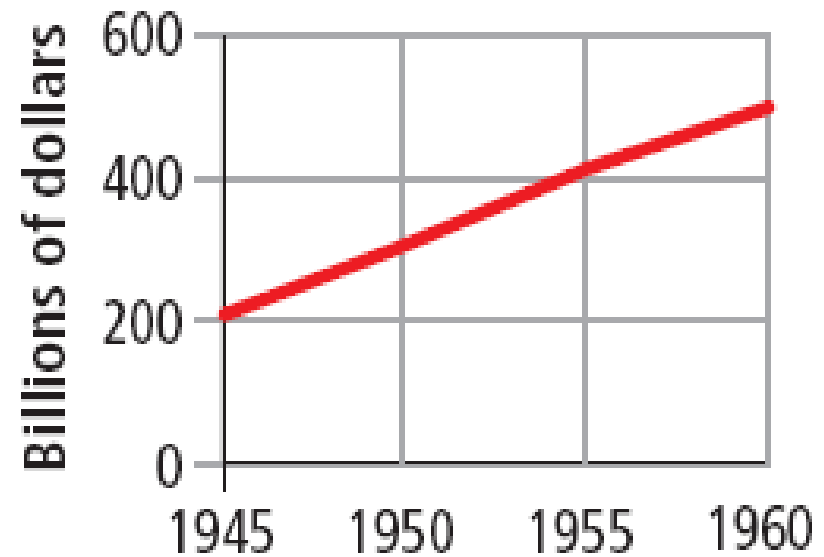
During the postwar period, the U.S. economy benefitted from technological advances, such as atomic power, computers, and plastics.

Worker **productivity** continued to improve, largely because of new technology.

The economy also got a boost from **federal defense spending for the Korean War** and from **foreign demand for U.S. goods** caused by the Marshall Plan.

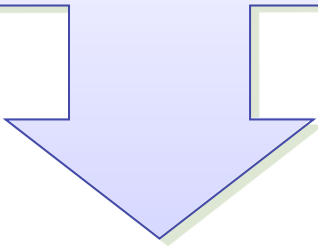
Between 1945 and 1960, the nation's gross national product (GNP) **more than doubled.**

U.S. GNP, 1945–1960



SOURCE: USInfo.State.Gov

President Harry Truman had to preside over one of the more difficult times in American history.



- The **Cold War** was beginning and there were **communist takeovers** in Europe and Asia.
- The U.S. faced **inflation and labor unrest** at home.

Trade unionists demanded pay increases to keep up with inflation.

Employers refused to meet labor's demands.

Millions of steel, coal, railroad, and automotive workers went on strike, prompting Congress to enact the **Taft-Hartley Act over Truman's veto.**

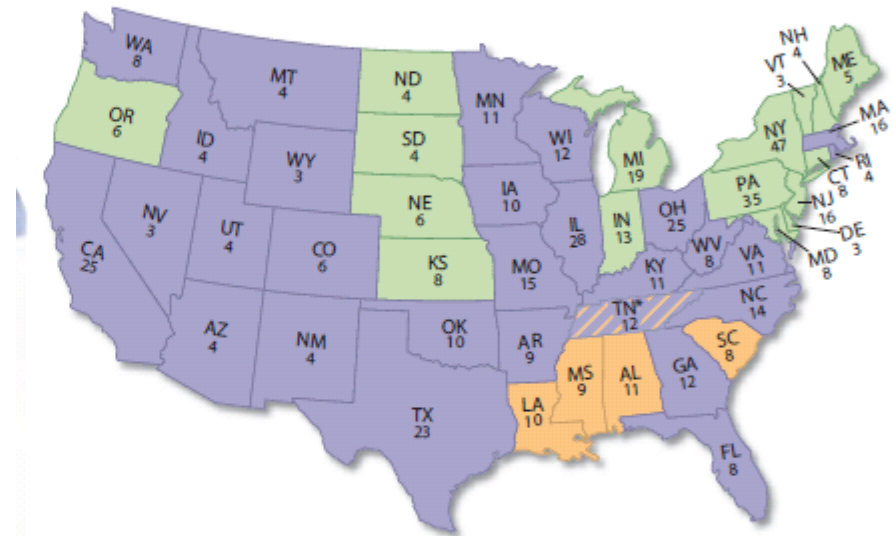
Truman established a **special committee on civil rights** to investigate race relations.

The committee made several recommendations for reforms, **but Congress rejected them all.**

Truman desegregated the military, which did not need Congressional approval.

By spring 1948, Truman's standing had sunk so low that few thought he could win election that fall.

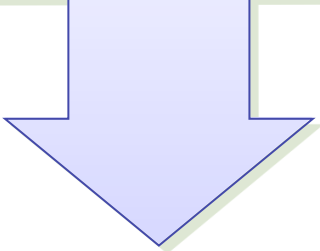
However, Truman managed the political upset of the century, beating three other candidates, two of them from new political parties.



Candidate (Party)	Electoral Vote	Popular Vote	% Electoral Vote	% Popular Vote
Truman (Democratic)	303	24,105,182	57	50
Dewey (Republican)	189	21,970,065	36	46
Thurmond (States' Rights)	39	1,169,063	7	2
Wallace (Progressive)	—	1,157,172	—	2

*One of Tennessee's electors voted for Thurmond

Shortly after the election, Truman announced a far-ranging legislative program he called the **Fair Deal.**



- The Fair Deal was meant to strengthen existing New Deal reforms and establish new programs, such as national health insurance.
- But Congress rejected most of Truman's Fair Deal proposals.

Legislative failure and a stalled war in Korea contributed to Truman's loss of popularity, and he did not seek reelection in 1952.

Popular, charming Republican candidate **Dwight D. Eisenhower** won the presidency that year, beating Democrat **Adlai Stevenson**.

The public believed that Eisenhower would walk the line between liberal and conservative political positions, and he did not disappoint.

Eisenhower created an interstate highway system and spent more money on education.



The strong U.S economy went a long way toward making his presidency one of the most prosperous, peaceful, and politically tranquil in the 20th century.

Section Review

QuickTake Quiz



Know It, Show It Quiz

