Section 1: Causes and Effects of Prosperity in the 1950s

After World War II, many Americans worried that the war's end would bring renewed economic depression. Numerous economists shared this pessimistic view of the future, predicting that the American economy could not produce enough jobs to employ all those who were returning from the military. Yet instead of a depression, Americans experienced the longest period of economic growth in American history, a boom that enabled millions of Americans to enter the middle class. This era of sustained growth fostered a widespread sense of optimism about the nation's future.

After the war, large factories produced non-wartime goods, such as these radios, fueling the nation's new prosperity.

At the end of the war in August 1945, more than 12 million Americans were in the military. Thousands of American factories were churning out ships, planes, tanks, and all the materials required to help fight the war in the Pacific. Virtually overnight, both the need for such a huge military machine and the focus on war production came to an end. Orders went out from Washington, D.C., canceling defense contracts, causing millions of defense workers to lose their jobs. Wartime industries had to be converted to meet peacetime needs.

As Americans set about enjoying the fruits of peace, President Harry Truman responded to calls to "bring the boys home for Christmas" by starting the ***demobilization***, or sending home members of the army. By July 1946, only 3 million remained in the military.

Americans were happy that the war was over, but they retained some sense of unease about the future. One poll taken in the fall of 1945 showed that 60 percent of Americans expected their earnings to fall with the return of a peacetime economy. "The American soldier is . . . worried sick about postwar joblessness," *Fortune* magazine observed.

Veterans sign up for benefits under the GI Bill. The bill allowed veterans access to benefits such as home loans and financial assistance for education.

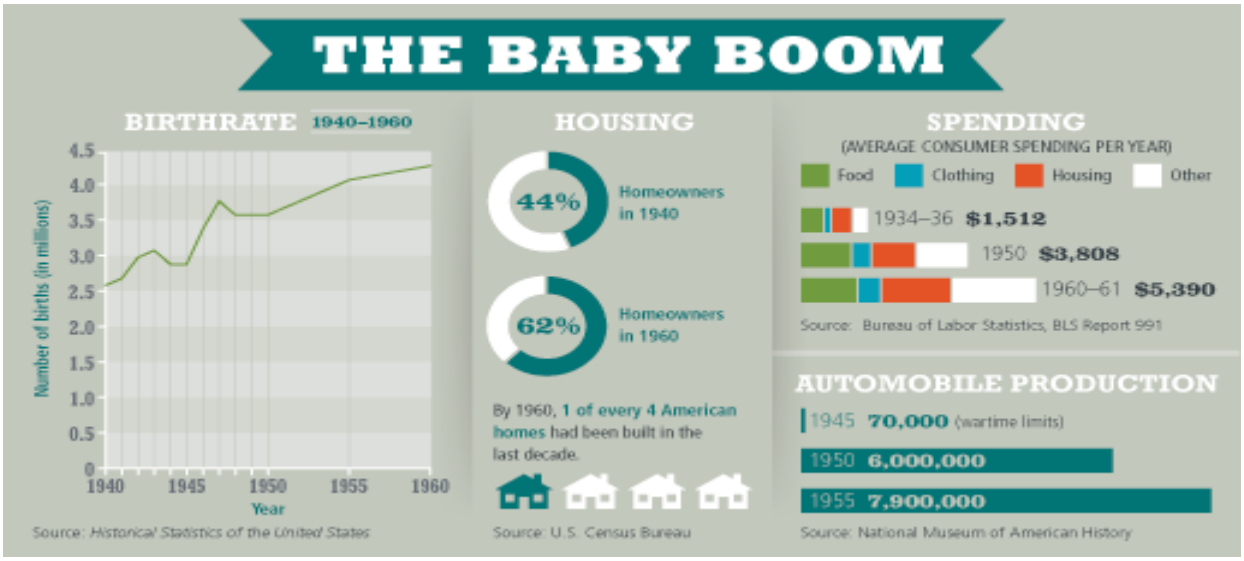
Impact of the GI Bill To help deal with this anxiety, the federal government enacted the Servicemen's Readjustment Act of 1944, also popularly known as the *GI Bill of Rights*. It granted veterans a variety of benefits. It provided a year of unemployment payments to veterans who were unable to find work. Those who attended college after the war received financial aid. The act also entitled veterans to government loans for building homes and starting businesses. The GI bill had an enormous impact on American society. Home loans to veterans fueled an upsurge in home construction, which led to explosive growth in suburban areas. Perhaps the greatest contribution of the GI bill came in education. The average soldier was inducted into the armed forces at the time when he or she would have been finishing high school.

The end of the war and the nation's newfound prosperity prompted many young Americans to start families. The result was a "baby boom" that increased the population by 27 percent.

The bill encouraged veterans to enter or return to college. Each veteran was eligible to receive $500 a year for college tuition. The bill also provided $50 a month for living expenses and $75 a month for married veterans. Eight million veterans eventually took advantage of the education benefits.

A Baby Boom Increases Consumption Upon their return, soldiers quickly made up for lost time by marrying and having children. Americans had put off having children because of the depression and war. Now, confident that the bad times were behind them, many married couples started families. This led to what population experts termed a *baby boom*. In 1957, at the peak of the baby boom, one American baby was born every 7 seconds, a grand total of 4.3 million for the year. One newspaper columnist commented, "Just imagine how much these extra people . . . will absorb—in food, in clothing, in gadgets, in housing, in services. . . ." Between 1940 and 1955, the U.S. population experienced its greatest increase, growing 27 percent from about 130 to about 165 million.

Postwar Inflation Fortunately, unemployment did not materialize, nor did a depression return. However, Americans experienced some serious economic problems. The most painful was skyrocketing prices. With war's end, the federal government ended rationing and price controls, both of which had helped keep inflation in check during the war. A postwar rush to buy goods created severe inflationary pressures. There was just too much money to spend on too few goods. Overall, prices rose about 18 percent in 1946. The price of some products, such as beef, nearly doubled within a year.



Free Enterprise Improves U.S. Standard of Living During the depression, Americans could not buy the goods they desired. The economy improved during the war, but wartime restrictions kept spending down and limited economic growth. The end of wartime restrictions finally opened the floodgates to consumer purchases. As demand soared, businesses employed more people to produce goods. This created a cycle in which people bought new goods, leading businesses to hire more workers, who in turn bought more goods. At the end of World War II, the United States was the only developed nation largely untouched by the devastation. Although it had only 6 percent of the world's population, the United States produced about 50 percent of the world's total output. The free enterprise system allowed Americans to enjoy a higher standard of living than any other nation in the world.

Postwar American prosperity led to widespread depictions in the media of an idealized suburban society.

Technological Progress Enhances Productivity The American economy benefited from numerous technological advances during the postwar period. Some developments, such as the use of atomic energy, were the result of war research. The use of computers increased, and businesses gradually began to depend on them. Farms benefited from improved machinery and chemicals, allowing farmers to grow more crops with fewer laborers. Worker *productivity*—the rate at which goods are produced or services performed—continued to improve, largely because of new technology.

Military Spending Supports Growth Increased government spending boosted the economy, too. The Cold War had a number of economic effects. With the outbreak of the Korean War and the escalating Cold War with communist nations in Europe and Asia, the United States once again committed a significant part of its budget to defense spending. Military spending led to the development of new technologies and new materials, such as plastics and new light metal alloys, that found widespread use outside the military. Other large federal spending programs, such as the Marshall Plan, initiated foreign demand for goods made in the United States.

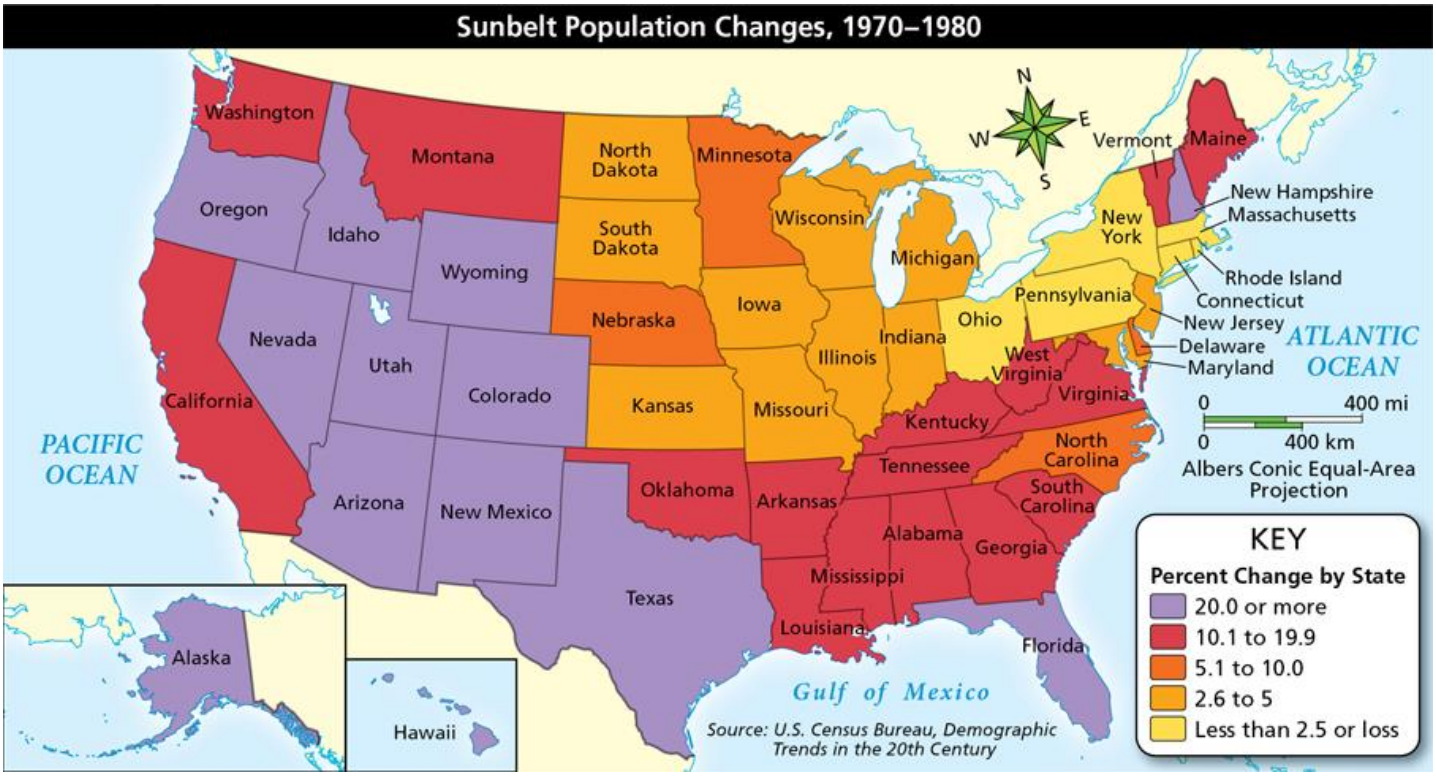
Section 2: Americans Migrate to the Sunbelt

In 1958, two New York baseball teams—the Dodgers and the Giants—moved to California. Their move reflected another crucial trend of the postwar era, the growth of the *Sunbelt*, the name given to the southern and western states. By the mid-1960s, California passed New York as the state with the largest population. The migration to Sunbelt cities, such as Houston, Texas, and Los Angeles, California, continued for the rest of the twentieth century.

During the 1950s, many Americans moved to the warm and sunny South and West, the so-called "Sunbelt." Huge developments, like Lakeland Park in California, met their need for housing.

Causes of Migration Many factors played a role in attracting people to the Sunbelt. A warm, sunny climate drew some Americans. A booming industrial economy and rapidly growing cities attracted people to Texas, which added more than 3 million new residents in the 1940s and 1950s. The explosive growth of the aerospace and electronics industries also attracted newcomers to the Sunbelt. The development of air conditioning also played a major role. Invented in 1902, air conditioners were at first used only in public buildings, such as movie theaters and courthouses. But after World War II, the development of window units made it possible to cool homes. Northerners who had visited states like Florida, Texas, or Arizona only in winter could now live in hotter climates all year round.

Latinos contributed to the growth of the Sunbelt. In the late 1950s and early 1960s, many Cubans, who were escaping the new regime of Fidel Castro, made Miami, Florida, their new home. Prior to World War II, most Mexican Americans lived in rural areas. However, by the 1960s, the majority of them migrated to urban areas, such as Los Angeles, El Paso, and Phoenix.



Effects of Migration on Society and the Environment The shift to the suburbs and the Sunbelt had a momentous impact on American society. As people moved, their political power went with them. Thus, suburbs and the Sunbelt gained representation. Urbanites in the Northeast and Midwest lost political power. Texas, for example, gained eleven new seats in the U.S. House of Representatives between 1940 and 2000.

Urban and suburban growth created environmental concerns, ranging from traffic jams and smog to water shortages. To meet growing populations, communities utilized once valuable open lands for housing, schools, roads, new businesses, and parking lots. In the 1960s and 1970s, environmental groups would begin to grapple with some of the byproducts of this growth.

Section 3: Innovations and Economic Development

The important postwar population shifts were matched by equally groundbreaking structural changes in the American economy. For the first time in American history, more people found employment in the *service sector*—businesses that provide services, such as healthcare, law, retail, banking, or insurance—than in the manufacturing sector. These shifts led some to describe the United States as a postindustrial society.

Service sectors, such as advertising, financial services, and insurance, experienced a great deal of growth during the 1950s.

Innovative Computers Drive Economic Growth Between 1947 and 1957, the percentage of the American workforce employed in industrial or blue-collar jobs declined 4 percent. During the same time period, employment in the service sector, or white-collar jobs, rapidly grew. The new workforce included many who worked in *information industries*, including those who built or operated the first computers. These computers were enormous. One of the first, named ENIAC, short for Electronic Numerical Integrator and Computer, took up roughly 18,000 square feet, or the size of three basketball courts! Despite its size, it was less powerful than today's desktop computer.

Still, ENIAC was a remarkable advance. By the 1960s, the government and private industry had found many uses for the computer. Hotels used computers to help make reservations, and banks used them to keep track of accounts. Industries started using computers to automate work or perform jobs once done by people. All these technological innovations clearly revealed that the free enterprise system was improving the standard of living in the United States.

Changes in the Labor Force Meanwhile, the number of women in the labor force continued to grow, doubling between 1940 and 1960. Many of these women worked part time. Few pursued long-term careers and most remained underpaid. Yet without their paychecks, their families would have found it difficult to remain in the middle class.

Large-scale farming and more efficient irrigation techniques enabled more people to be fed by fewer workers.

While the service sector grew rapidly, both the number and the percentage of Americans who made a living by farming continued to decline. In 1935, one fourth of the nation's families lived on farms. By 1960, less than one in ten families did. At the same time, improvements in technology, ranging from mechanical cotton pickers to chemical pesticides, made agriculture much more productive. This allowed fewer workers to grow even more food. New irrigation systems helped transform much of the land in the Southwest from arid to fertile fields.

The Role of Entrepreneurs At home, the postwar era saw the rise of *franchise businesses*. A franchise business allows a company to distribute its products or services through retail outlets owned by independent operators. Franchises were attractive to consumers because they stressed quality and sameness, no matter where one was in the United States. The Holiday Inn franchise came into existence following a trip that home builder Kemmons Wilson took to Washington, D.C., with his family of five children. Frustrated, Wilson found hotels difficult to locate, overpriced, and lacking adequate parking facilities. As he traveled, according to author David Halberstam, "Wilson became more irritated until he turned to his wife and announced that he was going into the hotel business. Everyone in this country, he thought, had a car and a family, and sooner or later everyone had to go somewhere." Today, there are tens of thousands of Holiday Inn hotels all over the world.

Many postwar critics lamented the growth of franchise businesses. For them, the franchises represented a growing lack of originality, evidence that the United States was becoming a "bland" nation in which people ate bland food, lived in bland look-a-like houses, and watched bland television shows that followed the same plot line.

The original McDonald's restaurant in San Benardino, California featured 15 cent hamburgers.

Entrepreneurs Lead Management Innovations The transition from an industry-based to a service-based economy created opportunities for entrepreneurs. For example, Californians Richard and Maurice McDonald opened their new restaurant in 1948. The brothers emphasized efficiency, low prices, high volume, and quick service. They did away with anything that slowed down the process, including plates, glasses, dishwashing, and tipping. In 1955, Ray Kroc began to franchise McDonald's system and name. By the end of the century, McDonald's had become the most successful food service organization in history, and the name McDonald's came to stand for low-priced, standardized-quality food.

Other entrepreneurs' names also came to represent their businesses. For example, Wal-Mart, a discount merchandising business founded by *Sam Walton*, became one of the most successful businesses in the late twentieth century. Another entrepreneur, *Estee Lauder*, founded a cosmetics company that specialized in skin care and protection products. Lauder's focus on selling her products only in high-end department stores created a $100 million dollar business by the 1970s. Walton and Lauder are just two of the millions of small business entrepreneurs whose businesses grew, allowing them to achieve the American dream.

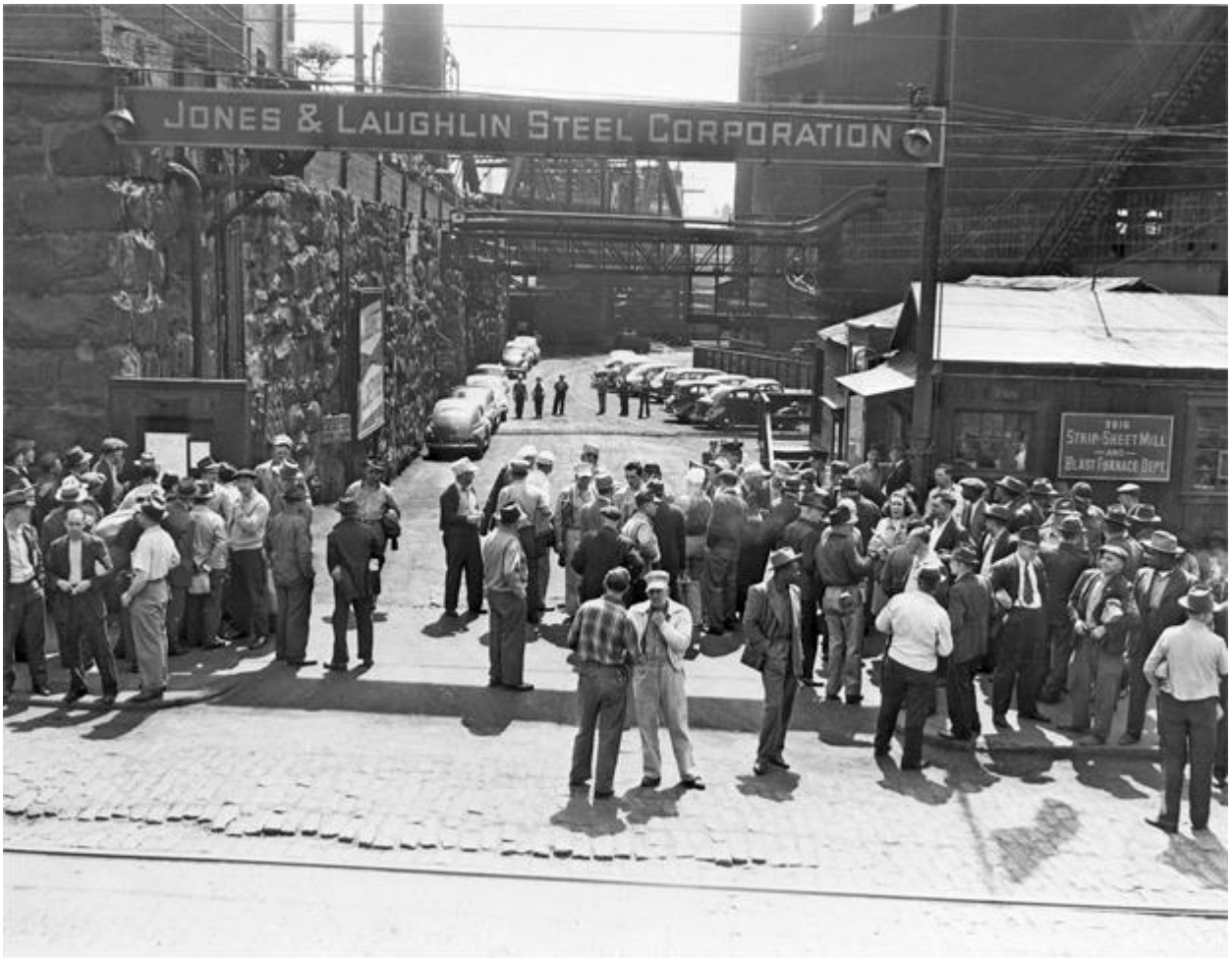
A trolley car in Thailand advertises Coca Cola—a fitting example of the expanding global influence of American companies in the post–World War II era.

American Corporations Go Multinational As the postwar economy expanded, so did *multinational corporations*, companies that produced and sold their goods and services all over the world and established branches abroad. General Motors, General Electric, and IBM produced a larger and larger share of all of the goods sold. Changing business strategies and management innovations allowed many of these corporations to earn large portions of their profits abroad. Coca Cola, for instance, sold its soft drinks all over the globe. Hollywood movies found eager audiences in Tokyo, Mexico City, and Germany.

Effects of Prosperity on Labor The prosperity of the 1950s was reflected in generally good times for the labor movement. In 1955, the AFL and the CIO, which had split in the mid-1930s, united to form the *AFL-CIO*. The new organization enjoyed a good deal of political clout, especially within the Democratic Party. Yet trade unions also lost some momentum during the late 1940s and early 1950s. Most of the new white-collar workers did not join unions, and labor's image was tarnished by a corruption scandal involving the Teamsters Union. Government investigators accused the Teamsters, who represented truck drivers, of illegally using their members' funds.

Section 4: Truman's Postwar Leadership

As the postwar economy evolved and new demographic patterns changed society, American leaders faced rapidly shifting domestic and foreign political landscapes. On April 12, 1945, when Franklin Roosevelt died, Harry S. Truman had been Vice President for only 4 months. When Eleanor Roosevelt told him that her husband had died, Truman responded, "Is there anything I can do for you?" She replied, "Is there anything we can do for you? For you are the one in trouble now."



Unmet demands for pay raises in the face of inflation led to labor unrest, such as this strike at a Pittsburgh steel mill, during the Truman administration.

Eleanor Roosevelt's remark captured Harry Truman's predicament. He had to preside over one of the more difficult times in American history. The postwar years saw the beginning of the Cold War and communist takeovers in Europe and Asia. At home, there was inflation and labor unrest. Communist advances and a troubled domestic economy created a sense of deep unrest in the American public during the Truman years.

Relationships with Congress and Labor From the first days of his presidency, Truman faced a double-barreled challenge: a restless labor movement and a combative Republican Party. Trade unionists demanded pay increases to keep up with inflation. When employers refused to meet labor's demands, millions of steel, coal, railroad, and automotive workers went on strike.

The wave of strikes was one of the largest in American history. It prompted Congress to enact the *Taft-Hartley Act*, a law that outlawed the closed shop—a workplace in which only union members can be hired. Taft-Hartley rolled back some of the rights that labor unions had gained during the New Deal. Although Truman vetoed the Taft-Hartley Act, Congress overrode his veto.

Support for Civil Rights Unlike FDR, who feared challenging the power of white southern senators and representatives, Truman refused to remain passive. He established a special committee on civil rights to investigate race relations. The committee made several recommendations for civil rights reforms.

However, Congress rejected the recommendations and did not pass any meaningful civil rights reforms until the late 1950s. Truman also issued an executive order desegregating the military. This was more successful. By 1951, most units had been integrated.

Truman Defeats Dewey By the spring of 1948, Truman's standing had sunk so low that he faced challenges from both the right and the left in his own Democratic Party. Southern Democrats, angry at Truman's support for civil rights, left the party and established the States' Rights Party. They named South Carolina governor Strom Thurmond as their candidate for President. At the other end of the political spectrum, Henry Wallace, who had been Vice President during FDR's third term, broke with Truman over foreign policy issues. Wallace became the candidate of a new Progressive Party.

President Truman holds up the *Chicago Daily Tribune*, which mistakenly announced Dewey's win based on early election-day results.

The breakaway of two large blocs of Democrats was accompanied by the Republican Party's nomination of Thomas Dewey, the well-known governor of New York, for President. Few people thought that Truman had any chance of winning the 1948 election. Truman, however, did not see it that way.

He staged an energetic "whistle stop" train tour of the nation, delivering over 300 speeches and traveling 31,000 miles in a matter of weeks. At train stops in small towns, Truman attacked the current Congress as "do nothing" and the worst in history. "Give 'em hell, Harry!" some in the crowd would cry out during his speeches. Although every political poll predicted that Dewey would win easily, Truman won by a narrow victory. He had managed the political upset of the century.

Consequences of Truman's Presidency Shortly after the election, Truman announced a far-ranging legislative program, which he called the *Fair Deal*. The Fair Deal, he explained, would strengthen existing New Deal reforms and establish new programs, such as national health insurance. But Congress was not in a reforming mood, and Truman failed to win approval for most of his Fair Deal proposals.

The president tries to convince the public that the Fair Deal is good for them.

Legislative failure and a stalled war in Korea contributed to Truman's loss of popularity. He chose not to seek the 1952 Democratic nomination. His reputation, however, has improved through the years. Today, many historians applaud him for his common-sense approach, as the first President to challenge public discrimination and as a determined opponent of communist expansion.