

U.S. Economy During the Second World War

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It would be reasonable to say that while the Second World War was marked as one of the most haunting events in the history of humankind, it also allowed nations like the United States to become major economic powers. When evaluating the overall American economy during the war years of 1939 and 1945, one should pay close attention to factors like production, unemployment, and social morale as central to the economy of any country of that era. Various sources uncovering the economic trends of the middle of the twentieth century suggest that the U.S. witnessed an unprecedented low level of unemployment, while the overall production capacity of the nation skyrocketed. More interestingly, when Americans faced a common enemy in the face of Japan and Nazi Germany, the public united, putting aside racial and gender differences. As a result, during the Second World War, the American economy witnessed its climax—a time when there was no unemployment, workforce inequality, or low production.

Strikingly, during the War, when all human and industrial resources were directed toward the war effort, industrial productivity increased by 96 percent (Goodwin, 1992). Moreover, when focusing on the financial sector of the economy during the six years of the War, corporate profits after taxes more than doubled (Goodwin, 1992). It was a time when people were engaged in the production of goods required for keeping the nation's war machine afloat and running. Moreover, while the total cost of the War for the United States was estimated to be about 304 billion dollars, taxes allowed to cover only 136.8 billion dollars of that share (Tassava, 2008). As a result, to avoid massive inflation, the Treasury Department expanded the bond program, creating "war bonds"—though Americans were feeling the obligation to their country, they bought such bonds to recover the economy (Tassava, 2008).

Speaking about unemployment, the overall rate of unemployment in 1944 reached a record low 1.2 percent in the country. It was a period when the American economy was as near to "full employment" as ever before (Tassava, 2008). Approximately 17 million new civilian jobs were created during the War (Goodwin, 1992). It is estimated that along with almost full employment, the War brought equal workforce distribution at a time when racial minorities and women were allowed to enter the labor market—something unprecedented for that time (Goodwin, 1992). Therefore, one can see that the consolidation of the economy was defined by the fact people felt their duty to participate in the war effort by working and putting their differences in the background.

Finally, speaking about the ideological constituent of the American economy during the Second World War, it is worth mentioning that the society of the United States witnessed a massive consolidation and unification, namely because people understood the fact that the War was fought for the interest of ordinary people. As a result, while reshaping the social structure of the country that focused on a middle-class society, the War resulted in the emergence of various significant social programs. For example, the GI Bill, which allowed veterans get an education after their service, made it possible for people fighting in the War to make a further contribution to the nation's welfare (Goodwin, 1992).

Considering all of the above, while the Second World War brought massive destruction and claimed the lives of millions of people, regarding economic development, countries like the United States witnessed their apex. Fighting against a common enemy, people were capable of abandoning their prejudices and engaging in the war effort, thus increasing production and decreasing unemployment. Moreover, the decisions of the federal government allowed avoiding

tax deficits by introducing "war bonds," ensuring that people who return from war will have their chance to participate in the American Dream.

References

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