

▼ Returning veterans, aided by the GI Bill of Rights, filled university classrooms.

WITNESS HISTORY AUDIO

The GI Bill of Rights

Passed in 1944, the Serviceman's Readjustment Act, known as the GI Bill of Rights, was intended to ease the soldier's transition from wartime to peacetime. One veteran remembers how the GI Bill affected his life:

“You were able to go to any school that accepted you . . . So I . . . found the best school that I [could] go to, regardless of tuition, which was Columbia in New York, and they accepted me. I graduated [with] a Bachelor of Science in Business Administration and they accepted me into the Master's program in business at Columbia and I was amazed that [the government] paid the entire tuition. . . . [It] was a revolution that all these people, who never would go to college, went to college because of the GI Bill.”

—Interview with Harvey S. Lowy, Rutgers Oral History Archives of World War II

An Economic Boom

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
GI Bill of Rights
baby boom

productivity
Taft-Hartley Act
Fair Deal

NoteTaking

Reading Skill: Understand Effects List the problems raised by the shift to a peacetime economy and the steps taken to solve them.

United States After WWII	
Problem	Solution
• Returning soldiers need jobs	• GI Bill

Why It Matters 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. **Section Focus Question:** How did the nation experience recovery and economic prosperity after World War II?

The Nation Recovers From War

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.

The GI Bill Aids Returning Soldiers To help deal with this anxiety, the federal government enacted a law 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 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 Fills Classrooms 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.

Converting From a Wartime Economy 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.

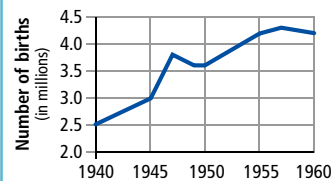
Vocabulary Builder

upsurge—(UHP suhrj) *n.* sudden increase

New Families

Marriage rates soared as soldiers returned home. Confident that the bad times were behind them, newly wed couples bought new homes and started families. The increase in the birthrate began in 1946 and slowed by 1964.

Birthrate, 1940–1960



SOURCE: Historical Statistics of the United States



The U.S. Dominates the World Economy 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 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. This allowed Americans to enjoy a higher standard of living than any other nation in the world.

Technological Progress Boosts 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. Worker **productivity**—the rate at which goods are produced or services performed—continued to improve, largely because of new technology.

Government Spending Supports Growth Increased government spending boosted the economy, too. With the outbreak of the Korean War, 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.

✓ **Checkpoint** What did many Americans expect to happen to the American economy after World War II?

Vocabulary Builder

initiate—(ih NIHSH ee ayt) *v.* to arrange for something to start

INFOGRAPHIC

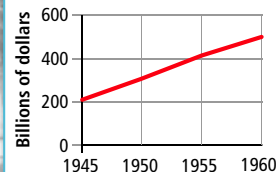
AMERICA Returns to WORK

◀ By 1950, 3 out of 10 women were in the workforce.

When World War II ended, nearly everyone feared hard times. However, the postwar years ushered in a period of domestic prosperity that lasted nearly 20 years. The United States became the richest country in the world. Many Americans found that they had greater buying power than ever before.

The rise in the GNP signaled ▶ the nation's economic success. Between 1945 and 1960, the GNP more than doubled.

U.S. GNP, 1945–1960



SOURCE: USInfo.State.Gov

Truman Overcomes Huge Obstacles

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.”


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.

Grappling 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.

Angering Segregationists 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

American families wanted their own homes. Home construction contributed to the booming economy. ▼



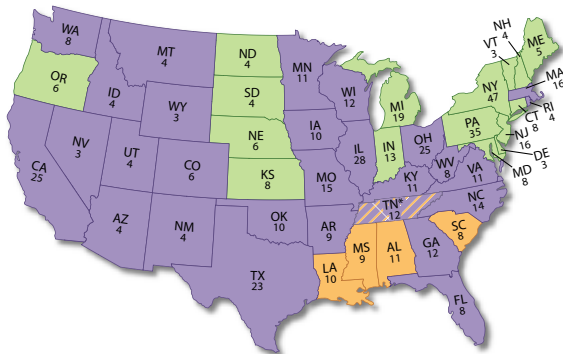
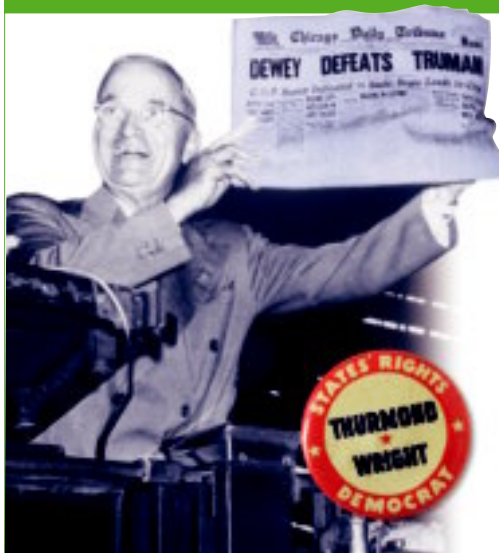
As the demand for consumer goods soared, manufacturers turned out an increasing number of products. Here, workers assemble television sets. ▼



Thinking Critically

- 1. Analyze Graphs** How much did the GNP increase between 1945 and 1960?
- 2. Analyze Information** Why was the postwar period a time of prosperity for most Americans?

Presidential Election of 1948



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

A Truman Victory

Despite the mistaken headline, Truman defeated Dewey in a close election. The Democrats won with a popular vote of 24 million to the Republicans' popular vote of nearly 22 million. The campaign button promoted Truman's opponents, Thurmond and Wright from the States' Rights Party. *What role should the media have in elections?*

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 Upsets 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.

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.

Truman Proposes a Fair Deal 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.

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.

-  **Checkpoint** Why were workers dissatisfied during the postwar period?

Eisenhower Charts a Middle Path

The 1952 election was hardly a contest. The Republican candidate, Dwight Eisenhower, was so popular that both the Democratic and Republican parties had wanted him as their presidential candidate. Eisenhower, whose nickname was Ike, charmed the public with his friendly smile, reassuring personality, and record of service and honesty. The Democratic candidate, Adlai Stevenson, a senator from Illinois, failed to catch the popular imagination the way Eisenhower did.


Dwight Eisenhower had spent nearly his entire adult life in the military and had never held a political office before 1952. Thus, Americans could not know for certain which way he would guide the nation upon taking office. However, most Americans believed that Eisenhower's calm personality mirrored his political views and that he would keep to the "middle road," achieving a balance between liberal and conservative positions.

Eisenhower charted a middle course as President. While he shared the conservative view that the federal government had grown too strong, he did not repeal existing New Deal programs, such as Social Security and the minimum wage. Federal spending actually increased during his presidency. Eisenhower even introduced several large new programs. For example, he created an interstate highway system and began to spend federal dollars for education, specifically to train more scientists.

One reason for Eisenhower's popularity was the strength of the American economy during the 1950s. His presidency was one of the most prosperous, peaceful, and politically tranquil in the twentieth century.



Dwight Eisenhower

-  **Checkpoint** Why did federal spending increase during Eisenhower's presidency?

SECTION

1

Assessment

Progress Monitoring Online

For: Self-test with vocabulary practice
Web Code: nea-1302

Comprehension

- Terms and People** Explain how each of the following changed the lives of Americans during the postwar years.
 - GI Bill of Rights
 - baby boom
 - productivity
 - Fair Deal
- NoteTaking Reading Skill: Understand Effects** Use your problem-and-solution chart to answer the Section Focus Question: How did the nation experience recovery and economic prosperity after World War II?

Writing About History

- Quick Write: Gather Information** Use the library and reliable Internet sources to find information about the Taft-Hartley Act. Use the words *Taft-Hartley Act* as key words to begin a search. Once you have found several sites, create note cards to gather the information you have found.

Critical Thinking

- Identify Assumptions** Why was the government willing to give billions of dollars in assistance to returning World War II veterans?
- Draw Conclusions** After the war, Truman faced challenges with labor unions. Would you consider Truman as working for or against organized labor? Explain.
- Synthesize Information** How did the baby boom impact the postwar economy?