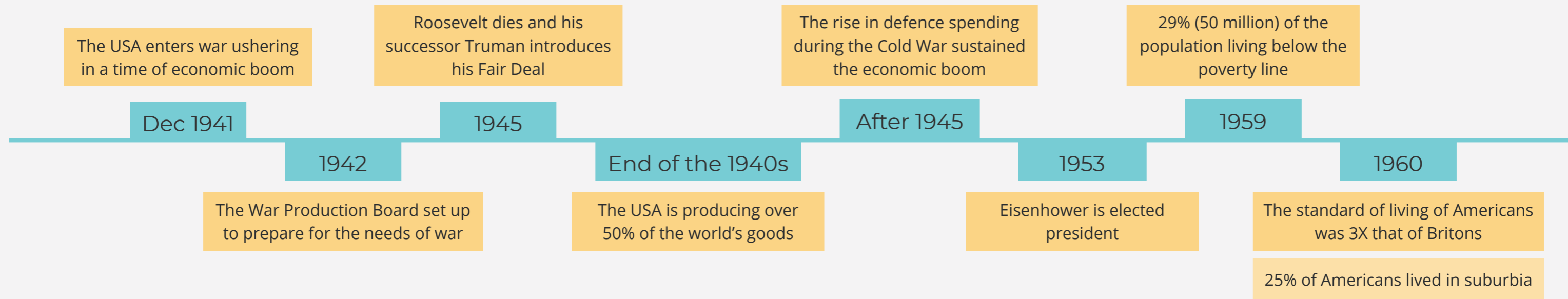


## Key Question 2 : How had the economy of the USA changed by the 1960s?

### Timeline of events



### Key words

<b>Lend Lease</b>	system by which the USA aided wartime allies
<b>War bonds</b>	bought by citizens to help the war effort
<b>Fair Deal</b>	the domestic policies of Truman
<b>Suburbia</b>	residential areas outside towns and cities
<b>Affluence</b>	times of increased wealth and prosperity
<b>Baby boom</b>	a temporary marked increase in the birth rate
<b>Gross National Product</b>	total value of goods produced by a country in a given period
<b>Hire purchase</b>	buying on credit by paying instalments
<b>Conscription</b>	requirement for citizens to join the armed forces

### Important concept

The war acted as a catalyst for recovery and in a time of relative prosperity many searched the "American Dream". However there was still "poverty amidst plenty".

### Industrial output

- On entering war the US was put on a war footing and industry was geared to the production of armaments and military equipment.
- Roosevelt established the War Production Board and it was agreed which companies would produce which goods e.g. General Motors produced heavy machine guns.
- By 1944 the US was producing almost 50% of the weapons in the world.
- Industry expanded as a result of the Lend Lease programme to its allies.
- Increased job opportunities and conscription combined to reduce unemployment. In 1939 unemployment stood at 9.5 million, by 1944 it had dropped to 670,000.
- By 1945, the USA was clearly out of depression and had the most powerful economy in the world.

### Post-war affluence

- Millions of US citizens had purchased war bonds in order to help the economy while providing personal savings and after the war they were cashed in and \$200 million entered the economy.
- The car industry began to boom again and sales of new cars rose to 6.7 million by 1950.
- There was a great demand for new houses for returning troops and together with low interest rates the construction industry boomed.
- The development of the Cold War in the 1950s which led to a rise in defence spending.
- Demands from war-ravaged Europe kept the order books of US companies full.
- Subsequent Presidents, Truman and Eisenhower, continued to promote economic and social progress which contributed to the prosperity of the times.

## Key Question 2 : How had the economy of the USA changed by the 1960s?

### Consumerism and suburbanisation

Consumerism – the years after the Second World War saw the emergence of an affluent society.

- With more spending power, US citizens were eager to buy consumer goods notably cars and televisions.
- The availability of hire purchase increased consumer credit and purchasing power.
- Increased efficiency and expertise of the workforce allowed for goods to be produced more quickly which lowered prices and increased demand.
- By 1944 the standard of living of the average American was three times that of the average Briton.
- Suburbanisation - many middle class citizens decided to abandon the pressures of city living and moved to new houses in the suburbs.
- Increased car ownership meant workers could to work and back.
- Houses were affordable as a result of low interest mortgages.
- Suburbanisation was central to the creation of the **“American Dream”**.

### “Poverty amidst plenty”

- Not all Americans shared in the affluence of the post-war years.
- Many citizens, especially black Americans, remained part of a social underclass surviving under the poverty line.
- In 1955, 40% of New York`s ghettoised black Americans were recipients of welfare.
- The problem was regionalised – people in the southern states remained behind those of the north and the west coast.
- With no national health service, the USA lagged behind many European counties in providing pensions and welfare benefits.

Work hard, do your job. Trust in God. Have no fear. - Truman