

U.s. economic warfare during world war ii essay

[Business](#), [Industries](#)



The United States has been considered as one of the powerhouse country in the world. Its booming economy and strong leadership have been the epitome of economic and political success. But the U. S.

was not always at the top of the heap. In the early 1900s, during the start of World War I, the U. S. economy was largely dependent on overseas trading but when the war broke out; it dramatically halted economic trading because they were no longer able to sell goods to other countries particularly to Britain and Germany (Hardgrove n.

p). War had become an inevitable part of the history of the United States. They have engaged in several battles and confrontations with other nations and even with their fellow Americans as well.

So far, the U. S. had participated in numerous wars dating back to the civil war to the present Iraq war. However, it was in the First and Second World Wars that the U. S. had a major participation that resulted in the restoration of peace and order across the globe.

Also, it was during this period that the U. S. economy both experienced economic escalation and at the same time fiscal recession. It became an unfavorable situation towards the end of the 1930s when WWI facilitated the manifestation of the Great Depression in the U. S.

that resulted to an economy with a huge “ disparity between U. S. ‘ productive capacity and the ability of Americans to consume” (Kauffman n. p). On the other hand, it became favorable at the time of the involvement of the Americans in World War II that triggered the elimination of

unemployment and beginning of the build up of the warfare mass production that molded the U. S. economy to become a potent and robust economy. In the early 20th century, prior to the war, the U.

S. was already under recession. For almost 11 years, the economy demonstrated little progress to get out of the fiscal slump.

Every incident of recovery was immediately countered with series of economic downfalls that led U. S. to become stagnant. To mitigate the effects of the recession, the government initiated several reforms in the form of the New Deal which had two versions drafted by the administration of President Roosevelt (Vatter 7). Unfortunately, this program was not able to carry out its purpose of reducing the looming unemployment rate. At this time, there were about 8 million Americans who did not have any work to provide for themselves and their families (Schultz n. p). Being an optimist and sugarcoating the situation were the only doable actions left for the government to do in order to mask the reality.

The fall of the stock market, depreciation of the value of the stocks and termination of enterprises were just some of the incidents that drained the finances and purchasing power of the average American (“ The Depression in the United States”). But there came a point when the economy slightly recovered from the economic turmoil. From 1938 to 1940, the U. S.

fiscal Depression streak was momentarily downgraded into a recessionary status. However, this only caused a more widespread demand for the government to initiate more aggressive economic measures. Economic

recovery according to Vatter, “ required much more massive doses of Keynesian medicine (injections of big G) than had ever been applied by the civilian New Deal in order to finally bring full employment. ” (11) Generally, the Great Depression was a period filled with all-time high taxes which paralyzed the trading and exporting to neighboring nations that badly hurt the industrial and capital realm of the U. S. economy (Kauffman n. p). But towards the outbreak of the Second World War around the early 1940’s, government spending for the impending war in Europe and Asia gradually alleviated the effects of the collapse of the economy.

From the commencement of the war until its culmination, the U. S. economy had taken advantage of the many fiscal opportunities that transformed the depressed economy into a booming economy (Vatter 9). The wartime economy had brought dramatic changes in the lives of many Americans. First, full time employment was made available thus raising the “ overall standard of living.

Second, labor union membership expanded from 10 million before the start of the war to 15 million members in total when the war ended, thus making labor union movements more powerful. Third, agricultural profits soared but the quantity of farmers declined because most of them opted to work in city factories. Lastly, the investements made during wartime seemed to have proven the assumptions of Keynesian economics (Modern American Poetry). U. S involvement in the war “ brought into operation Keynesian deficit spending of sufficient magnitude to end twelve years of mass unemployment” (Vatter 14). More so, The stimulating effect of World War II

on the US economy is frequently cited as the spark that brought an end to the Great Depression, but it was not just a spark. Defense spending was the difference between the depressed 1930s and the booming 1940s. (Hooks 2) In effect, the economic boost combined with the World War II participation of the U.

S. have altered the American society. Government officials were so overwhelmed by their involvement in the war that they have neglected to launch economic and social reforms needed in order to sustain their fiscal growth. As a result, longer working days were prompted to increase the industrial production. Also, to lessen the possibility of having labor scarcity, the federal government “ ignored laws regulating the employment of children and women. ” As a result, the number of school dropouts skyrocketed and about 1 million of them comprised the labor workforce of the entire country. As the government continued to focus on wartime spending, the living condition of most Americans started to decline because of the cutbacks made on the implementation of social reforms. Poverty began to be a concern amidst high wages.

It had been “ reported that 20 million Americans were on the border of subsistence and starvation and 25% of all employed Americans earned less than 64 cents an hour, while skilled workers often earned \$7 or \$8 an hour” (“ The Depression in the United States”). Regardless of the social reform setbacks, civilian employment opportunities remained high as the war progressed. There was a dramatic surge in employment rate in the private and military industry while unemployment fell “ from over 8 million to about

1 million, even as the civilian labor force held constant at about 56 million” (Vatter 17). This indicated that the economy of the United States has completely recovered from its recessionary state 5 years ago.

Government spending on the warfare had clearly paid off resulting to a historical increase in mass production that produced large amounts of national profits as well as individual disposable incomes and at the same time have upgraded the labor conditions. The victory of the Allied forces brought peace and order throughout the world. However, in the US, it was a different story. Many believed that since the war was over, production will be lessened since there will be no more need for generating war equipment. But this was just one of the few side effects of the war.

However, in the larger scale, “ the war had not only decisively ended the Great Depression, but it created the conditions for productive postwar cooperation between the federal government, private enterprise, and organized labor, the parties whose tripartite collaboration helped engender continued economic growth after the war” (Tassava n. p). Since the U. S.

ecame an economic powerhouse, American government officials decided to be of help to countries devastated by the war to indirectly show to the world that they are in control of the global economic activities. They gave financial aid to Europe amounting to “ 13 billion through the Economic Recovery Program (ERP) or the Marshall Plan from 1947 to 1951. ” Japan also received \$1. 8 billion in 1945. The Americans linked the economic restoration of West Germany, Great Britain, France and Japan with their own import and export needs to further their economic goals (Tassava n.

p). As Alan Milward, an economic historian, had said; “ the United States emerged in 1945 in an incomparably stronger position economically than in 1941...

By 1945 the foundations of the United States’ economic domination over the next quarter of a century had been secured”... This may have been the most influential consequence of the Second World War for the post-war world. ” (qtd. in Tassava “ The American Economy during World War II”) After the Second World War, the United States emerged as the world’s largest, and strongest, economy. U. S.

citizens were assured that their economy will never go back to its depression days. Their fruits of labor have produced the “ the largest peacetime trade surplus in American history and the gross national product grew to a record \$482. 7 billion by the end of the 1950s” (“ United States Economy”). World War II saved the United States from further economic turmoil.

Without it, mass production would have not materialized thus the supply of millions of employment to many Americans would have not at all been possible. It can be surmised that this historical event was a blessing in disguise for the U. S. It served as the catalyst that forever configured the U. S. economic system and the American society. If it there have not been a war, the need to mass produce would not have materialized and that the U. S. could have remained inactive and unproductive for a long time leaving their potentials and resources unexplored. More so, most Americans

benefited and enjoyed the advantages of having a thriving economy. As a result, the U. S.

became the center for wealth and development and their way of living have become an international standard that other nations adhere and aspire to achieve. Clearly, the economic warfare of the 1940's have greatly affected the U. S. position as the leading country in the world.