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## **American Economics and Technology during and between the World War I and World War II**

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### **Abstract:**

The economy of America has experienced recessions prior to the two World Wars which were effectively ended by them. The United States has benefited massively relating to the progression of infrastructure and economic development throughout the two World Wars. A third World War may not have the same implications depending on the weaponry and strategies that are used.

### **Introduction:**

War is an extremely hard time for a variety of people regardless of the size and scope of the war. During the First and Second World Wars, dozens of countries lost many of the fighters and civilians in some of the most brutal ways invented in history. We tend to think of war as a last resort and something that should never occur unless under extreme circumstances. We also tend to associate negatives to wars and focus on the absolute horror that has been wrought upon the world as well as its aftermath. However, whether some of us like to admit it or not, the World Wars have helped the United States in a variety of ways, especially when it relates to economics and economic development.

### **World War I Economics and Technology:**

At the beginning of World War I, the United States economy was in a period of a recession. This recession was partly due to two previous recession during 1907 and 1910-11 and also due to the first Balkan War in 1912 (Underwood). This recession was not as substantial as others in the United States' history, but it was still a period of major economic hardships that affected people in the country negatively regardless of status and occupation. Tensions then began to grow across the globe which eventually culminated in the assassination of Archduke Franz Ferdinand which essentially started the first World War.

The United States did not actually get involved in the war until 1917 as the war was mainly focused in Europe and the Middle East during the early and middle stages of the war. However, this does not mean that the United States did not benefit from the war economically before they got involved in it. This is because many European countries purchased weapons and goods from the United States which substantially benefited the American economy. After the recession the country was in, World War I kicked off a roughly 3 year economic boom.

The United States became involved in the war in 1917 after years of unrestricted submarine warfare brought on by the Germans and the fact that the British and French were becoming increasingly exhausted with the war. When the United States eventually became involved in the war, the economic growth only continued. United States federal spending increased dramatically during this time period while the country shifted from civilian good production to war good production. The United States produced many new firearms such as the M1911 pistol.

Toxic gas weaponry also became a major part of the war. Unemployment dropped from 8 percent to approximately 1.4 percent due to millions of people being added to manufacturing roles and military roles (Lozada). The American government also decided to centralize price and production controls although this had a rather small economic effect.

### **Economy during the Great Depression:**

Between World War I and World War II, the other most significant event during this time period is the Great Depression. This was undoubtedly the worst recession in American history and caused many people to lose massive amounts of money, jobs, and even their lives in some cases. After the economic boom that was started because of World War I and the massive financial success that occurred during the 1920s, the Great Depression hit the United States and many other countries around the globe in ways in which not many people were prepared for.

There is no straightforward answer as to what actually caused the Great Depression in the first place but there are several possible explanations such as decreased lending by American banks to foreign countries, the stock market crash of 1929, and various banking failures (Duignan). The Great Depression quickly spread to other countries around the world affecting a wide range of people and causing unprecedented hardship. After several years of economic hardship, American voters decided to elect Franklin Delano Roosevelt as they believed that Herbert Hoover would not be able to help the United States make its way out of this terrible economic situation. This would usher in a new era of economic planning for the country, but the hardships were not nearly over as the Depression would only seem to get worse over the next couple of years after Roosevelt's election in 1932. Unemployment reached an extremely high level of 25% in 1933 (Amadeo). The economy shrank by nearly half during the first five years of the Great Depression. Roosevelt enacted the New Deal shortly after being elected which was meant to lessen the effects of the Great Depression and to help the United States recover. The New Deal propped up various agencies such as the National Recovery Administration to help build up infrastructure. Many of these agencies that were constructed also helped to provide Americans with a plethora of jobs after many of these people had lost them during the early stages of the Great Depression.

### **World War II Economics and Technology:**

World War II officially started on September 1, 1939 when Nazi Germany invaded Poland. Similar to World War I, Great Britain and France both were two of the first countries to fight against Germany while the United States did not join the war until later. Italy and Japan were two of Germany's major allies throughout the early portion of the war while the Soviet Union worked with Germany as it best suited their interests during this time. Around this time in the United States, the New Deal that was enacted by President Roosevelt was not fully helping the United States to recover as Roosevelt did not believe in the central government becoming even more involved in economics.

Shifting focus back to the war, the Axis Powers decided to invade the Soviet Union in June of 1941 which was one of the major turning points of the war. The Soviet Union bolstered a powerful and massive army which would be extremely difficult to conquer. It is of no surprise that the Axis Powers were eventually pushed back after a massive Soviet counteroffensive in December 1941. This effectively made the Soviet Union another one of Germany's main enemies during the war. Shortly after this all occurred, Japan decided to bomb Pearl Harbor which immediately sent the United States into the middle of World War II and yet again made the Axis Powers another massive enemy. Similar to World War I, the economy quickly rebounded and unemployment finally dropped below 10% for the first time since the 1920s in 1942 (Tasava).

The war not only helped the economy take off but it also allowed the country to become more intertwined than ever before. Women were now encouraged to take jobs outside of home which was a major step in the fight for gender equality. Black people also began to enter the workforce for the first time. Eleanor Roosevelt also fought for equal participation and opportunity in the workforce.

There was an overwhelming sense of togetherness in the United States as many Americans now had an overwhelming hatred for Nazis as well as other Axis Powers which allowed them to turn to each other and realize that they needed one another if they were to make it through such a difficult time. World War II once again shifted the economy of the United States to a more war goods producing one. The percentage of GNP that consisted of goods that were meant for wartime accounted for just 2% before the United States entered the war, while that number rose to 40% in 1943. Just a year later in 1944, the United States reached a record low unemployment level of just 1.2% which could perhaps be the closest we may ever see the United States come to full employment (Pruitt). Technology also advanced greater than it has in a long time during World War II. The most well-known example of such technological innovation is the Manhattan Project. The United States enlisted some of the most brilliant scientists and engineers to help develop the first atomic bomb (energy.gov). The sheer speed in which the many workers of the Manhattan Project had in order to produce such a remarkable technological achievement is extremely noteworthy. Shortly after the Manhattan Project was finished and the atomic bomb was invented, the United States decided to drop two atomic bombs on Japan, one on the city of Hiroshima and the other on the city of Nagasaki. This would cement the American victory over the Japanese in World War II and force their surrender. The atomic bomb would then become a symbol for the next few decades as a possibility of what could happen if the United States and Soviet Union were to enter into a war with one another.

### **World War III Economics and Technology:**

The possibility of a third World War which involves the United States consistently seems to be a major talking point of many news stations time and time again. Whether it be the Soviet Union, Iraq, Iraq, and now Russia, there seems to always be a threat that can present itself and usher the world into World War III. We can make possible inferences as to how this can affect the economy taking into account new wartime strategies. Depending on how far into the future that a hypothetical third World War were to occur in, the weapons and strategies used can be vastly different. It is reasonable to believe that even with the weaponry that countries have now, that annihilation can be achieved in a matter of seconds thanks to nuclear warfare.

The first two World Wars saw rarely any action that occurred on American soil. It would seem that this would not be the case with World War III with how quickly weaponry and transport can be delivered at any time to specific locations thanks to advances in vehicular technology. Unlike the first two World Wars, American infrastructure can suffer major losses as part of the war can take place on American soil. The economy can still be positively affected in a way similar to the first two World Wars but it is hard to say if the economy will not take any hits due to the war being fought on American soil. Major buildings and cities could be destroyed depending on the weaponry of the opposing force which can cause the economy to crumble. Major infrastructure can possibly be toppled if the American military cannot deal with this new threat soon enough. Regardless of the outcome of this possible third World War, it is not unreasonable to think that the country can be left in major disarray after it is finished and that the economy can take decades to recover itself.

### **Conclusion:**

There are many aspects of war that bring along a plethora of negativity that can harm a country and make it worse off. However, as we have seen in the past, war can sometimes be the answer the economy needs to pull itself back up to where it should be. War allows a nation to work together in a way that may very well be impossible without it. The economic and industrial developments that have occurred because of the first two World Wars are extraordinary and there is no doubt that these developments may have taken even longer if the United States never got involved with these wars, or if these wars never even happened at all.

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