

VISUAL 33.1

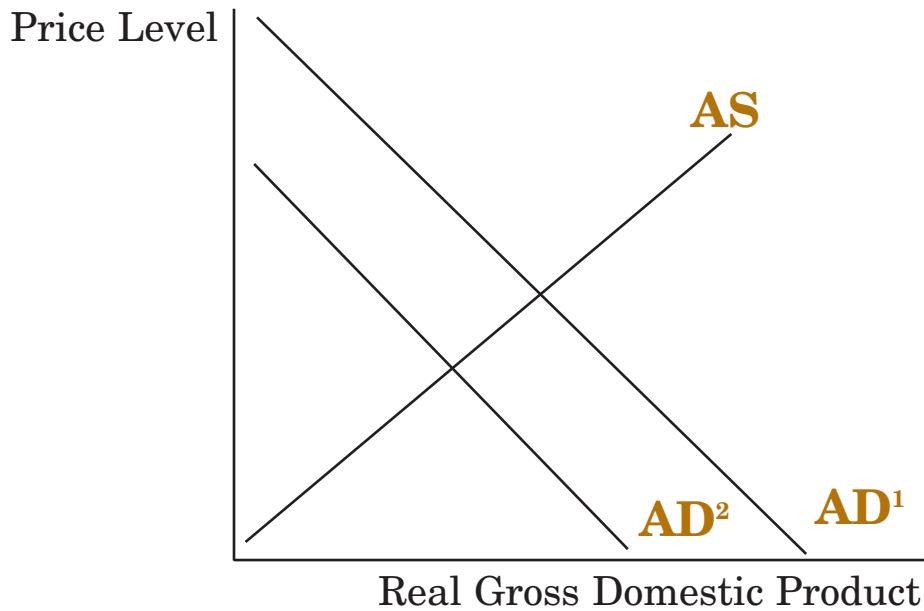
WHEN THE BOYS CAME MARCHING HOME

At the end of World War I, the American economy slid into depression.

- Between 1918 and 1921, real Gross National Product fell from \$151.8 billion to \$127.8 billion.
- Many soldiers returning from military service could not find jobs as the unemployment rate rose from 1.4 percent to 11.7 percent.
- This downturn repeated a pattern established after previous wars in U.S history.

Politicians, economists and the general public feared that a similar depression would occur when World War II ended. Instead, the years that followed World War II brought rising prosperity and an unprecedented expansion of the American middle class. What happened?

VISUAL 33.2
CHANGE IN AGGREGATE DEMAND



Aggregate Demand = Consumer Spending PLUS
Business Spending PLUS
Government Spending PLUS
Foreign Spending

VISUAL 33.3

**AGGREGATE U.S. SPENDING PATTERNS AFTER
WORLD WAR II (IN BILLIONS OF DOLLARS)**

	Government Spending	Consumer Spending	Business Spending
1945	\$70.6	\$119.8	\$10.8
1946	\$44.6	\$144.2	\$31.1
1947	\$37.6	\$162.3	\$35.0
1948	\$38.9	\$175.4	\$48.1

Source: U.S. Bureau of Economic Analysis, *National Income and Product Accounts, Historical Statistics*, series X 414.