# US Economic History 1920s/50s/Depression

The US experienced periods of economic downfalls and improvements in between the emergence of World War I and II. The economic situation of the country at that time reflected the impacts of industrialization and war regimes on the citizens (Niemi 45). The 1920 economic situation exposed the prosperity for the wealthy and upper middle class citizens who took advantage of the war to acquire wealth. This is because the period had the second industrial revolution welfare capitalism and open shop concept in which employment rate increased (Harris 177). However, the emergence of employment opportunities meant that people would migrate to the urban centers to seek jobs, which led to the collapse of agricultural-based industries. The 1950s boom was precipitated by rise in minimum wages for the employed, which improved the living standards and welfare of the people (French 196). The 1950, however, saw the collapse of the economic due to the aftermath of the WWII that destabilized the economy and agricultural-based activities. Inflation and Federal Reserve policies also contributed to the harsh economic conditions in the country since people would not easily access credit assistances (French 196).

The busts of the 1980s Great Depression denote the period when the country faced severe economic downfalls due to the government policies enforced and booms of the previous years that influenced the citizens to reform their business operations. It is apparent that the busts of the Great Depression started with the rise in surplus production, land prices and increments in interest rates (Rapp 136). The high surplus production meant that demand went down because the consumers had alternate sources of supplies. Inflation hit the all-time time, especially in the late 1970s, which contributed to the worst situation of the Federal Reserve increasing the interest rates to slow down the inflationary demerits (Grusky, Western and Wimer 26). As a result, the cost of operating businesses and farming hit a snag, as the traders were unable to raise capital or service their business loans. Export trade increased to facilitate the high surplus production witnessed at that time, but this later stalled due to the perceived effects of the 1980 Russian grain embargo (Rapp 136).

The economic cycles help in investors, traders and economists to understand if a country is heading into a boom or a bust over the next decade depending on the actions taken by the Federal Reserve departments (Cassell 17). For instance, banks can start issuing or declining credit to signify a problem in the economy. Traders can also understand the situation of their investments by taking drastic action to salvage their businesses from crumpling down the drain.

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