


Survey of Current Business

THE 1950s

Pent-Up Demand and Purchasing Power

PURCHASING POWER

Family formation influences a boom in housing construction. By June 1950, mortgages outstanding increase \$3 billion, nearly eclipsing 1949's \$4 billion increase. As disposable personal income rises \$8 billion, more automobiles are sold in spring 1959.



Construction Activity Continues to Expand

CONSTRUCTION activity has continued to rise in each month of the year, and is now well above the level attained in the earlier period. All new construction expenditures reached \$2.5 billion in August, after a decline in the annual rate. This high rate reflects primarily the expansion in the number of building units started under construction during the first 6 months of the year. In addition, some repeat contracts in nonresidential construction have been made as a result of the general rise in demand during the recent months and of the widespread increase in repeat work. Public construction has increased steadily in 1950.

The percentage increase in the rate of new construction, in the number of building units started during the first 6 months of 1950 over the same period in 1949 was a significant factor in the substantial rise that has occurred in residential mortgage rates this year. As the demand for new homes has increased, the rate of building activity also has risen. The number of units started in the first 6 months of 1950 was 17 percent greater than the first 6 months of 1949.

The Housing Market

THE strong market for new homes has been an important feature in the expansion of business activity since the end of World War II. The market is characterized by the demand for modern housing, and the desire of many home owners to replace their old homes. The number of units sold in a 6-month period ended June 1950 was 17 percent greater than the first 6 months of 1949. Annualized housing starts in the first 6 months of 1950, annualized housing starts in the first 6 months of the year, and the monthly rate of new construction in the first 6 months of the year, are shown in the accompanying graph.

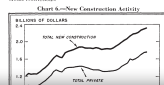
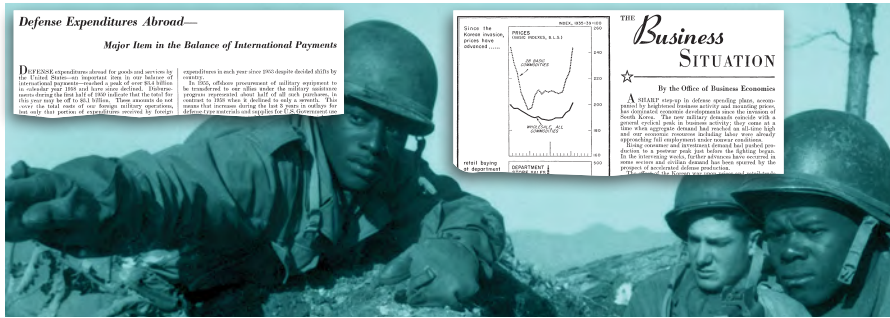


Photo. A family looks at a new home under construction. H. Armstrong Roberts/ClassicStock, Alamy Stock Photo, 1957.

DEFENSE

Military aid rises to \$4.4 billion in 1953 during the Korean conflict. In 1958, defense expenditures abroad peak at \$3.4 billion, while defense purchases abroad comprise one-sixth of all U.S. purchases of goods and services from foreign countries.



Defense Expenditures Abroad—

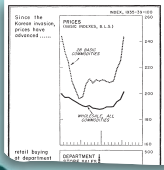
Major Item in the Balance of International Payments

DEFENSE expenditures abroad for goods and services in 1958. Defense expenditures abroad for goods and services in 1958 were \$3.4 billion, or 16 percent of total U.S. purchases of goods and services from foreign countries. This was a record for the year, and a significant increase over the \$2.5 billion spent in 1957. The increase was due to a combination of factors, including the expansion of military operations in Korea and the increase in military aid to other countries.

THE Business SITUATION

By the Office of Business Economics

A STRONG recovery in defense spending, along with high employment and rising prices, are the major features of the business situation in 1950. The recovery in defense spending has been a major factor in the expansion of business activity since the end of World War II. The market is characterized by the demand for modern housing, and the desire of many home owners to replace their old homes. The number of units sold in a 6-month period ended June 1950 was 17 percent greater than the first 6 months of 1949.



Record Expansion in Foreign Travel

Foreign travel in 1950 reached a record level of \$1.6 billion, or 10 percent of total U.S. purchases of goods and services from foreign countries. This was a significant increase over the \$1.2 billion spent in 1949. The increase was due to a combination of factors, including the expansion of international trade and the increase in military aid to other countries.

Photo. Soldiers with the 2nd Infantry Division are positioned north of the Chongchon River, Korea. U.S. Army Photo, Alamy Stock Photo, November 20, 1950.

TRAVEL

Tourist-class air transportation debuts in 1952. By 1955, more Americans fly to Europe than travel by sea and foreign travel spending is a record \$1.6 billion. After 1959 statehood, local Alaskan and Hawaiian flights are included in airlines-transportation statistics.



One Billion Travel Dollars Go Abroad

EXPENDITURES by United States residents in foreign countries in 1950 reached a record level of \$1.6 billion, or 10 percent of total U.S. purchases of goods and services from foreign countries. This was a significant increase over the \$1.2 billion spent in 1949. The increase was due to a combination of factors, including the expansion of international trade and the increase in military aid to other countries.

International Travel, Including Foreign, Hits \$400 Million Annually to Foreigners

INTERNATIONAL travel, including foreign, reached a record level of \$400 million in 1950, or 2.5 percent of total U.S. purchases of goods and services from foreign countries. This was a significant increase over the \$300 million spent in 1949. The increase was due to a combination of factors, including the expansion of international trade and the increase in military aid to other countries.



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Photo. Passengers board an airplane. George Marks, Getty Images.

STRIKES

Steelworker strikes in 1952, 1956, and 1959 impact the automobile industry, finished steel net exports, and personal income and gross national product estimates. Steel mills operate at 12 percent of rated capacity during the 1959 strike.



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THE rise in the Nation's steel production has been the major feature of the business situation in 1950. The increase in steel production has been a major factor in the expansion of business activity since the end of World War II. The market is characterized by the demand for modern housing, and the desire of many home owners to replace their old homes. The number of units sold in a 6-month period ended June 1950 was 17 percent greater than the first 6 months of 1949.

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Photo. Steelworkers strike for wage increases in 1952. United Steelworkers of America Archives, Pennsylvania State University Special Collections Library, 1952.

