Economic Heresies
An Argument against Dogmatic Interpretations of 1950s Affluence

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Abstract

"The economic prosperity of the 1950s was a tide that lifted all boats" is a phrase repeated *ad nauseam* in texts referring to the economic history of the United States -- words repeated so often that questioning their validity seems foolish. As one junior high textbook on American History states, this, "economic boom" possessed sufficient power to raise the "people's overall wealth and quality of life." Further the text states the average income for Americans increased from $1,223 to $2,219 and "by the end of the 1950s, Americans had the highest standard of living in the world."¹ With those words, or others similar, Americans learn about their economic expectations, past, present and future. What if this popular story about growing affluence in the 1950s has more to do with what Americans *want to* believe than it has to do with the realities which were lived by Americans at the time?

While GDP and *Average Income* figures from the 1950s paint a picture of unprecedented economic growth, a closer look at those statistics shows a very different story than is rendered by the rote *creation myth* of American middle class. This paper goes against popular wisdom, which is content to take these "statistics" at face value, and explains what these *facts* do and do not tell us about the economy of the 1950s.

During the prosperous 1950s, many Americans left the cities to settle in the suburbs, hoping for a better life for themselves and their children... the economy began to grow rapidly and steadily. Between 1945 and 1960, the total value of goods and service produced in the United States increased about 250 percent... the economic boom of the 1950s raised the standard of living -- a measure of people's over-all wealth and quality of life -- of millions of Americans. Between 1945 and 1960, personal income -- the average income, earned or unearned, of every individual in the nation -- increased from $1,223 to $2,219. By the end of the 1950s, Americans had the highest standard of living in the world.

Incanted like old testament scripture, the creation myth of the American middle class points to the affluence of the 1950s as a flood of wealth which raised all boats, and produced both the ascendency and zenith of the American middle-class and en masse fruition of the American Dream, the dream which was to be forever aspired to, but, like an allusive vision of the promised land, never attained again. So often repeated from our youth to the present day, the claims of the "booming economy" of the 1950s are rote, even for academics in economics and history.

The economic facts, like those stated in The American Journey, are taught to America's youth with religious reverence and reinforced throughout adulthood with a litany of aspirational rhetoric. Although, if we permit ourselves a small heresy, we may objectively evaluate these fundamental economic claims and base our assessments more on rationality and less on quasi-religious doctrine.

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3 Or should we say, arks.
Articles of (Affluent) Faith

The selection from *The American Journey* can be used as a stand-in for the generic *American Middle Class Creation Myth* found in sundry forms across the United States. Although usually short, these narratives generally share five important and impressive claims about the economic expansion of the 1950s:

Article One: The GDP Doubled

The chief indicator of economic strength, the Gross Domestic Product (GDP), doubled during the 1950s. Given the GDP receives so much weight from politicians, pundits and economists as an indicator of economic strength, it is understandable why a person who looks at those numbers may believe that the "economy doubled"; therefore, the assumption is made that people were twice as rich as before.

Article Two: American Wages Doubled

Much like the explosion of the GDP, our sample passage tells us that between 1945 and 1960 the average income of Americans increased from $1,223 to $2,219. Certainly, like the assumption made about GDP, this fact tells us that the "average American's" income nearly doubled.

Article Three: The Value of Goods Doubled

*The American Journey* tells us that between 1945 and 1960, "the total value of goods and service produced in the United States increased about 250 percent." While this claim doesn't explicitly say if Americans were producing more or if the things they produced were just better (more valuable), this data leads the reader to a belief that good things were afoot for industry.

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4 Although the cited *American Journey* text is from their section on the 1950s, it is easy to see that their data used to support the affluence of the 1950s stretches into the 1940s and 1960s, *The Long Fifties*, if you will.
Article Four: The Move to the Suburbs

Central to the conventional view of the 1950s is the start of suburban living, where every man was king of his own castle. Our creation myth narrative would imply that this move to the suburbs was fueled by increasing affluence of the American worker, striking out and creating a new mode of American life for the 1950s.

Article Five: By 1960 America had the Highest Standard of Living

Part summary of the other articles, part affirmation of Manifest Destiny, the statement, "by the end of the 1950s, Americans had the highest standard of living in the world"7 evokes fruition of the American Dream, and sounds the clarion call for the victory of capitalist democracy.

These five points are the basic assumptions about the economic exceptionalism of the 1950s that shall be addressed by this paper.

In the Beginning There Was ... Econometrics

Econometrics is a sub-discipline of economics used by economists to empirically quantify the many various transactions within economic contexts. Doubtlessly important for economists to do their work, at least some form of minimal literacy in economic concepts seems imperative to the layman's proper understanding of the economic history of the United States.8

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7 The American Journey, p. 821-822.
8 I had originally intended to assume the reader was familiar with these concepts; however, during a discussion of these topics in my senior seminar, intelligent adults could not readily understand the importance of differentiating between real and nominal dollars or between average and median incomes. This leads me to believe that perhaps a large portion of the survivability of the legend of 1950s affluence may have to do with the general public's inability to objectively evaluate statements of economic strength they hear in the media and/or academic research.
GDP

Gross Domestic Product or GDP is one of the most used economic measures in the world today. The GDP is endlessly cited in academia, the media and by politicians when discussing the relative strengths of various economies, comparing the standard of living in different countries, or across time, and to evaluate the growth (or contraction) of our own nation's economy. However, despite its frequent use, many people don't know what GDP actually measures. Professor Sean Flynn gives a wonderfully concise definition in his book, *Economics for Dummies*:

> The value of all goods and services produced in the economy in a given period of time, usually a quarter or a year; the sum (denoted by the variable Y) of the expenditures on consumption, investment, government purchases, and exports less expenditures on imports or $Y = C + I + G + EX - IM$.\(^\text{11}\)

The key phrase in this definition is, "expenditures on consumption." The GDP at its heart is a measure of how much people, organizations and governments in a country spend on stuff. By conflating size of GDP with economic health, we are led to believe that the more people pay for stuff, the healthier the economy is. Thus someone who grows their own tomatoes does not contribute to the GDP (and thus the economic health of the country) while someone who instead buys their tomatoes does. This has important implications when we explore the standard of living later on.

**Average vs Median**

Understanding the difference between the *average* and the *median* is very important when evaluating economic statistics. Generally when people discuss the "average" they are talking about the arithmetic mean, that is, the sum of all amounts, divided by the number of those amounts -- therefore to calculate average income, we would total everyone's income and then divide by the number of people in the population.

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10 Standard of Living is usually measured by techniques involving income per person; however, as a shortcut to figuring out the actual income per capita, GDP per capita is often used as a substitute, although the two are not equivalent.
12 Of course the reality may be something entirely different.
Economic Heresies

The median is computed differently and thus has a different story to tell. Simply put, the median is the point at which one-half the population possesses a greater quantity and one-half has a lesser quantity. To find the median income of a group, we sort the group by income, from lowest to highest, and then look for the middle member of the rankings. If the "middle" would be between two members of the sample, the median would be the average of the incomes of those two members of the population.

To illustrate how median and average can tell different stories, we can use the fictional example of Moneyworth Vineyards, Inc. Reginald Moneyworth III owns a small vineyard on the outskirts of town. He employs 11 field workers, 8 production workers, and pays himself a wage, as he supervises all aspects of production.

The table above shows the workers at Moneyworth Vineyards, Inc. with each employee's hourly wage. The field workers make between $4.53 and $6.80 an hour, while the production workers make between $13.10 and $18.10 an hour. The owner, Reginald Moneyworth III, values his own time quite highly and receives $136.00 per hour worked.\(^{13}\) Within this

\(^{13}\) The example of Moneyworth Vineyards, Inc. uses exaggerated wage differences to help illustrate the difference between average and median. I rely on the reader to realize that real chief executives would never pay themselves ludicrously disproportionate wages. Reference the section on Income Distribution later in this paper.
sample, we can see how the term *average* can cause a good deal of confusion when thinking about the incomes.

If we compute *average income* for the workers at Moneyworth Vineyards, Inc. we come up with $16.14 per hour, which is the wage that Todd, the second highest paid employee, earns. In this sample only 10% of people earn more than *average* while 85% earn less than *average*. If we are searching for the *typical* worker, the *average* number does not help us identify that worker. Instead, if *typical* is our target, *median* is the number we are more interested in. Again in the case of our example, looking right in the middle of the income distribution we find Karl, the highest paid field worker, making $6.80 an hour -- exactly one half of the workers make less per hour than Karl, and one half make more. Certainly this provides a more representative picture of the economic state of the people, "in the middle," but care must again be taken not to confuse what it does and doesn't tell us about the population in question.

**Nominal vs. Real**

When reading economic data one must differentiate between *nominal* and *real* values. In an economic sense, *nominal* refers simply to the price at the time of purchase. In 1910 a first-class stamp cost 2¢, in 1950 a first-class stamp cost 3¢, in 2010, that same unit of postage cost 44¢ -- those prices are all *nominal* values. The concept of *real* value is used in economics to make sense of how purchasing power of money changes over time. Obviously, since the value to the purchaser of one first-class stamp is the ability to mail one first-class letter, we can see that the *real* value of the stamp remains relatively the same, despite a large increase in the *nominal* value.

While it is fairly simple to track the changes of price for a commodity or service that doesn't change much, like the value of a first-class stamp, in the larger economy it becomes increasingly difficult. Different goods and services change in price at differing rates and some types of goods may completely replace others in a typical consumer’s purchasing habits. To attempt to solve this problem, the Bureau of Labor Statistics publishes the

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14 5% earn the *average* amount.
15 Certainly some could argue sending a letter was more *valuable* in 1900 than in 2010; however, following that logic too far makes nearly any economic problem hopelessly complex, thus economists rely heavily upon the concept that "relatively the same" is good enough.
Consumer Price Index (CPI). The CPI is based on a *market basket* -- a bundle of goods and services which a *typical* family of four purchases. The price of that bundle is then indexed over time to give the relative purchasing power of the dollar, or the *real* value. While there are other methods used to compute *real* value, the CPI is the most common for consumer applications.\(^{16}\)

To illustrate this concept, we can use the Thanksgiving dinner served each year by the Smith family. This dinner has been prepared using the same ingredients for a family of 10 since 1900. In that year the ingredients required cost $10, in 1955 that same meal cost $32.90 to prepare and in 2010 the bill came to $268. Those of course are *nominal* values; the *real* value of each Thanksgiving meal is the same -- be it priced in 1900 dollars, 1955 dollars or 2010 dollars.

**Because the GDP Tells Me So**

Chief among the evidence for the economic exceptionalism of the 1950s is the claim that the GDP doubled. Referencing the data at the Bureau of Economic Analysis, we can, see that the Gross Domestic Product of the United States increased from 293.7 billion dollars in 1950 to 526.4 billion dollars in 1960 -- an increase of 232.7 billion dollars, or 79.23%. That falls short of doubling, but still sounds quite impressive -- until we consider the GDP nearly tripled in the 1940s, going from $101.4 billion to $293.7 billion.\(^{17}\) The first reaction when seeing the 1940s numbers is to think of a boost from World War II, but it is important to remember we are comparing 1940 (before the war) to 1950 (after the war), so WWII actually has very little influence on those numbers.

\(^{16}\) CPI information from 1913 to present can be found at http://www.bls.gov/cpi/tables.htm.

Even more problematic for the claim of 1950s economic exceptionalism is the concept illustrated in the graph above. You can see that if nominal GDP growth can be used as support for how affluent the 1950s were, then one must conclude that each decade after the 1950s were also "golden ages,” in fact when looking at the nominal GDP, the recession of the first decade of the 21st century seems not to appear at all.18

Just as this graph, the claim of the GDP doubling relies on nominal dollars; however, as was addressed in the econometrics section, nominal values can be misleading.

The following graph shows how GDP changed on a yearly basis using 2005 dollars to make the values comparable in purchasing power. The numbers on the graph show the GDP in billions at the end of each decade (30, 40, etc).19

The first thing that catches the eye on the real GDP graph is the high plateau in the mid-1940s, this again is the economic boost from WWII, however, you can see that after the war, there was a substantial fall in GDP. Another interesting feature of the real GDP graph is that the runaway growth rate seen on the nominal GDP graph seems moderated somewhat in this chart; this is because the growth effect of inflation is removed when we use real dollars.

Now that we have the numbers in real terms it is possible to make judgments between time periods more accurately.

<table>
<thead>
<tr>
<th>Decade</th>
<th>GDP (2005 Dollars in Billions)</th>
<th>Decade Growth</th>
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<tbody>
<tr>
<td>1930s</td>
<td>$893</td>
<td>30.7%</td>
</tr>
<tr>
<td>1940s</td>
<td>$1,167</td>
<td>71.9%</td>
</tr>
<tr>
<td>1950s</td>
<td>$2,006</td>
<td>41.1%</td>
</tr>
<tr>
<td>1960s</td>
<td>$2,831</td>
<td>50.8%</td>
</tr>
<tr>
<td>1970s</td>
<td>$4,270</td>
<td>36.7%</td>
</tr>
<tr>
<td>1980s</td>
<td>$5,839</td>
<td>37.5%</td>
</tr>
<tr>
<td>1990s</td>
<td>$8,027</td>
<td>39.7%</td>
</tr>
<tr>
<td>2000s</td>
<td>$11,216</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

20 BEA, National Data, 2011.
Looking at the table above we can see that the 1950s had an impressive rate of growth, with the GDP in real terms being 41.1% higher in 1960 than in 1950; however, that growth seems not quite so impressive when compared with the '40s or the '60s, both of which outperformed the '50s in real GDP growth. Surprisingly, we can see that even with the dismal performance of the first decade of the 21st century, the average growth per decade over the entire period between 1930 and 2010 was 40.6%, just about what was experienced in the 1950s.22

As was stated earlier, GDP is made up of expenditures of the public, organizations and government. While evaluating what is occurring in the economy at any given time, it can be very important to look at what sectors of the economy are producing the most activity, both in overall GDP contribution and as a rate of change. The following chart23 shows the GDP broken into personal consumption, government spending and gross private domestic investment (residential purchases and improvements; expenditures by businesses on buildings and equipment; and net changes in business inventories). Unsurprisingly, the graph shows a tremendous jump in government spending during World War II, followed by a precipitous decline; however, one can see the 'trough' in government spending only lasted until the beginning of the Korean War and although there was a drop after 1953, the '50s and '60s both show government spending accelerating at a higher pace than either form of private expenditure.

Providing contrast with the sharp spike in government spending during World War II, gross private domestic investment24 suffered a large decrease during the same period. While private investment recovered when the war ended, it can be seen by the slope of growth that the '50s continued to be a rocky time for private investments in the economy, growing at a much slower rate than other aspects of the GDP.

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21 This is probably the single best argument to ignore nominal GDP figures, as we say on the nominal GDP graph, the years between 2000 and 2010 appeared to be experience growth similar to the 1990s, when in real terms that growth was less than half.

22 The average decade growth, ignoring the "Great Recession" is 44.06%, above that which was experienced in the 1950s.

23 Constructed with data from BEA, National Data, 2011.

24 Gross Private Domestic Investment is the sum of all activities in buying residential property, equipment and structures (for consumers) and factories, machines and inventory (for producers).
An aspect of the chart's data which had initially surprised me was how little the personal consumption levels were affected by World War II -- in stark contrast to the popular mythology about sacrifice on the home front. In fact, we do not see so much evidence for a decrease in personal consumption as we see a decrease in the growth rate of consumption during the period.

Just as the GDP can be broken into three components to better understand the type of spending going on in the economy, *personal consumption* can be broken into its two component parts: spending on *goods* and spending on *services*.\(^{25}\) By looking at those numbers separately, we find the 1950s provided the American economy with an important turning point. While the proportion of money spent on *services* in the U.S. economy had been growing throughout the 20th century, in 1958 the amount Americans paid for *services* exceeded the amount which they paid for *goods*.\(^{26}\)

A growing service sector has an important implication for the Gross Domestic Product. As people pay for a service to be performed, that payment is then captured by the GDP -- the person who shined his own shoes in 1930 did not contribute to the GDP; however, if the same

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\(^{25}\) Simply put, *goods* are material objects that people buy, from ice cream cones to refrigerators. *Services* are labor you pay someone to do for you, from dry cleaning your suit, to cleaning your house, to representing you in court.

person paid for a shoe shine in 1950, that purchase did contribute to the GDP. In this way, as people paid strangers to perform duties which had been performed within the household without payment, the GDP grows - even though the same shoes were being shined. This criticism is often used to illustrate how "industrialized" nations have inflated GDPs in contrast to "developing" countries, where people are likely to have household members perform those services without remuneration. From the industrialized country's perspective, it creates another interesting facet of modern life: the necessity to spend more hours in the workplace in order to afford the service consumption of the household -- this turns out to have interesting effects in the disparity between standard of living measures and the satisfaction with life index, which will be explored later on.

To this point we have examined reasons why a simple comparison of GDP may lead to misconceptions about the state of the economy; however, there is one factor that impeaches GDP in any discussion of wealth -- simply that GDP does not measure wealth.

When people speak of affluence in an economic sense, they are usually talking about wealth, which in both economic and popular terms means accumulated resources (usually in the form of money or other financial instruments, but not always). The fundamental logic behind accumulation of resources is that surpluses must be saved. A simple formula for savings is:

\[
\text{Income} - \text{Expenditures} = \text{Savings}
\]
Economic Heresies

Wealth then, in practical terms, is the sum of savings over time. The GDP by contrast is the total of all expenditures in an economy, being completely unconcerned with the income and savings portions of the wealth formula. To the GDP, a dollar spent is a dollar spent, regardless if that dollar was earned, taken from savings, borrowed or stolen. Therefore the GDP will continue to show growth when an economy is being fueled by negative savings -- a condition which, far from promoting wealth, actually destroys it.

That it May Yield Unto you the Increase Thereof

The second among the articles of affluent faith is the statement that between 1945 and 1960 the average income of Americans increased from $1,223 to $2,219.\textsuperscript{27} To properly understand this claim we must again understand what it tells us, and what it does not.

Just as we found that nominal GDP may confuse more than enlighten, the nominal wage figures above are not directly comparable to one another. The first number is related in 1945's dollars, the second number in 1960's dollars. If we put both those numbers in 2010 equivalents, we get $14,800 and $16,300 respectively.\textsuperscript{28}

<table>
<thead>
<tr>
<th></th>
<th>1945 Wage</th>
<th>Total Increase</th>
<th>1960 Wage</th>
<th>Total Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945 Wage</td>
<td>$ 1,223</td>
<td>81.0%</td>
<td>$ 2,219</td>
<td>10.0%</td>
</tr>
<tr>
<td>1960 Wage</td>
<td>$ 2,219</td>
<td>4.1%</td>
<td>$ 14,800</td>
<td>0.65%</td>
</tr>
</tbody>
</table>

The claim of average wage increase in nominal terms is shown in the table above along with how big the increase was in real terms. The narrative of 1950s affluence relies greatly on the startling increase in average wages during the time period; however, as shown on the table, the 81% increase in nominal terms only amounts to 4.1% per year, much less "amazing"

\textsuperscript{27} The American Journey, p. 821-822.
\textsuperscript{28} Computed using data from Measuring Worth by Officer and Williamson.
\textsuperscript{29} Constant Annual Growth Rate (CAGR) used in some data sets in this paper were computed with the following formula: \((End\ Value/Start\ Value)^{(1/(Periods -1))}-1.\)
than the 81% appears at first glance. But we need to remember that the nominal value does not reflect what people could purchase with those dollars, for that, we must look at the real value. Here we find that over a decade and a half, average income only increased by 10%, a yearly rate of increase of only a little more than one-half of one percent.

To put this level of income increase into 2010 dollars, the average person in 1960 had the equivalent of $125 more purchasing power, per month, than they had in 1945. While it is certainly nice to have more purchasing power, $125 a month is unlikely to have changed anyone's perceived socio-economic class -- worse yet, that $125 was not evenly distributed among the country's workers.

The Forbidden Fruit of the Income Distribution Tree

While we have established that the average American was making more in 1960 than they had made in 1945, we come to the problem of how that average income is distributed -- as the following chart shows, some portions of the population are considerably more average than others.

The following table shows how income is distributed in the Unites States. The population is broken into fifths, or quintiles. On the chart we can see that in 1945 the poorest 20% of the American population received 5.6% of the income and the top 20% earned 43.2% of the nation's income.

When we remember that the average income increased by the equivalent of $125 per month in today's money, we might think that amount of increase may have been enough to raise one of the poorest people out of deepest poverty. But by analyzing where the money was going in society, we can see that the people who were receiving most of that $125 dollars per month were the members of society who were already in the middle of the income distribution.

Income distribution data may offer support for middle class expansion, if one considers third and fourth quintiles received a greater share of the nation's income in 1960 than they had in 1945. Oddly enough, this is not listed among the 'facts' used to support the claim of 1950s exceptionalism.
Another important consideration that is demonstrated by the table is the Gini Coefficient. The Gini Coefficient was developed by sociologist Corrado Gini in 1912 as a way to measure inequality in distribution. Using the scale implicit in the index, a score of 0 would indicate everyone in a population had exactly the same, while a score of 1 would indicate that one person had everything and everyone else, nothing. By looking at the Gini Coefficient between 1945 and 1950, we can see that overall inequality increased, which would seem to mitigate any perceptions of the widening of the middle-class which may have been witnessed at the time. There is an interesting anomaly to be seen in the Gini Coefficient for 1955 and 1965 however. During those times we see the only times in the last 30 U.S. Census Bureau. Current Population Survey. Years 1970 - 2010.

31 Gini Coefficient calculations based on quartile data on this table, when data is broken down in smaller groups, the disproportionately large income of the top 5% inflates the Gini Coefficient further. Current estimates for the United States Gini Coefficient using the 5% method are 0.47. This five percent data is not readily available for years before 1967, so I used quartile data as it shows the same overall trends toward inequity.

32 2010 data is based on preliminary data 2010 Census Data and may be updated later.


34 Data for 1945 is approximated; the Bureau of Economic Analysis only has "share of aggregate income" data back to 1947.

35 Sometimes also called the Gini Index.
65 years where inequality of income distribution in the United States decreased. Furthermore, the overall rate of change between 1945 and 1965 was relatively small. This seems to raise the possibility that during those years, the perception that the poor are getting poorer and the rich are getting richer may have been less then, than in any time since.

While connections between violent crime and downturns in the economy have been rather loudly disproven during the last 10 years, those reports are generally slightly disingenuous. Data shows that reduced income does not lead to more crime; however, that same data shows that increases in income inequity does lead to increases in violent crime.36 It is therefore reasonable to assume that periods of stable income inequity37 and more so, periods when inequity decreases would seem like less violent and 'happier' times.

It is worth mentioning that in the Moneyworth Vineyards example used earlier, the workers at the company had a Gini Coefficient of 0.506. This value is greater than any that has been seen in America to this point; however, if the current trend continues, the Gini Index for the United States of America could match Moneyworth Vineyards by 2030.

See How the Flowers of the Field Grow

The third article of faith stated, "the total value of goods and service produced in the United States increased about 250 percent"38 between 1945 and 1960. This claim falls prey to the, now familiar, fallacy of using a nominal value to imply real growth.

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36 Dr. Wade Roberts, Income Inequity, University of Utah, 2011.
37 That is to say, periods where income inequity is not growing.
38 The American Journey, p. 821-822.
In nominal terms, the value of goods and services consumed in the United States increased from $120 billion in 1945 to $331.8 billion in 1960. This number, in nominal terms, meets the claim of a 250% increase made in *The American Journey*; however, as illustrated earlier, the story in real dollars shows a much smaller increase.

<table>
<thead>
<tr>
<th></th>
<th>Nominal Value</th>
<th>Real Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1945 Value</strong></td>
<td>$120 billion</td>
<td>$1,001 billion</td>
</tr>
<tr>
<td><strong>1960 Value</strong></td>
<td>$332 billion</td>
<td>$1,784 billion</td>
</tr>
</tbody>
</table>

**Claim Made with Nominal Value**
- Total Increase: 176.5%
- Increase per Year: 7.0%

**Fact Seen with Real Value**
- Total Increase: 78.2%
- Increase per Year: 3.9%

**Build It and They Will Come**

The forth article to be addressed is the rise of the suburbs where, "many Americans left the cities to settle in the suburbs, hoping for a better life for themselves and their children."39 This picture of the exodus from cities and homesteading in the suburbs is a common facet of the popular vision of the 1950s, immortalized in the televised situation comedies of that decade.

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While it is supported by demographic evidence, people did indeed move to the suburbs during the 1950s, it is important to note that between 1920 and 1940 a move out of "central cities" into the "urban periphery" was already documented in census data. This phenomena was big enough during the collection of 1940s census data that the census' notes include comments speculating that incorporated cities in the metropolitan standard areas were "full," necessitating growth outside of the core. This concept can be seen in another phenomena documented in the 1930s and 1940s, that of central cities annexing large sections of land which were previously unincorporated, rural tracts.

The Highest Standard of Living, Thy Kingdom Come

The final common claim to be evaluated is the claim that, "by the end of the 1950s, Americans had the highest standard of living in the world." First off, it is important to define what the standard of living is actually measuring. It is not a measure that evaluates the quality of life, but instead it does the same thing that the GDP does; simply, it measures how much a population spends on stuff.

The conceit of the standard of living is that higher prices indicate a better state of being. In this way, a $15 Big Mac is evaluated as being five times better than a $3 Big Mac. Despite the ludicrous nature of what the measure really means, standard of living figures are often used in a way that confuses spending with the concept of happiness. Oddly enough, use of new indexes such as the Satisfaction with Life Index or Quality of Life Index show that there is a point of diminishing returns where further growth in standard of living creates first no benefits in happiness, followed by a sharp decrease in happiness as standard of living increases further.

After understanding what the claims about standard of living actually mean, we find that those claims do not tell us anything about the economy or population that the GDP didn't already say, as both are simply measures of consumption.

41 U.S. Census, 1930 Census and 1940 Census.
42 U.S. Census, 1940 Census, Survey of Housing.
43 The American Journey, p. 821.
44 Wade Roberts, Income Inequity.
While it is certain that the economy of the 1950s would have seemed like a boom in contrast to the bust times of the 1890s and the 1930s, that only explains the perception of the 1950s as the beginning of the 'good times.' What is less certain and, in fact very troubling, is why the 1950s would be perceived as more affluent than the decades following, which, by the very criteria used to 'prove' the exceptionality of the 1950s, were greatly more prosperous than the perceived golden age itself.

When time is taken to understand the claims of economic exceptionalism of the 1950s, we find what was historic gospel quickly looks more like the curtain being pulled from around the Wizard of Oz. By using objective analysis and a little thought, each of the five points examined were refuted.

<table>
<thead>
<tr>
<th>Claims of 1950s Economic Exceptionalism</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>The GDP Doubled</td>
<td>Increased 41%</td>
</tr>
<tr>
<td>American Wages Doubled</td>
<td>Increased 10%</td>
</tr>
<tr>
<td>Value of Goods Doubled</td>
<td>Increased 78%</td>
</tr>
<tr>
<td>The Move to the Suburbs</td>
<td>Had been growing since the '20s</td>
</tr>
<tr>
<td>Highest Standard of Living</td>
<td>Meaningless</td>
</tr>
</tbody>
</table>

The obvious next question is, if none of these claims hold water, why then are they taught in American schools? Does the quasi-religious faith evoked by their scripture-like quality put the facts above question? Does American society need to believe these tenants of our national faith?
Bibliography


