To what extent was the global economic growth between 1945 and 1973 mainly a result of the role of the United States?

The Golden Age between 1945 and 1973 saw rapid and sustained global economic growth, characterised by increasing manufacturing output, trade and international cooperation. While the US in the earlier years *kickstarted* growth directly by providing aid for post-war reconstruction and indirectly by promoting global economic cooperation, it was the policies of domestic governments that ultimately translated aid and cooperation into *sustained* growth in the long term. Further, from the late 1960s, not only did Western Europe and Japan partially replace the US as sources of foreign aid and investment, the US itself undertook self-interested actions that hurt rather than helped the global economy. Ultimately, while the US laid the foundations for growth, particularly in the 1940s and 1950s, it cannot be credited for continued growth throughout the entire Golden Age.

In the 1940s and 1950s, the US was indispensable in directly stimulating economic growth by offering economic and military aid to war-torn economies, enabling them to rebuild infrastructure and increase industrial output. The US supplied Western Europe with $13bn in aid from 1948-52 under the Marshall Plan, including over $3.4bn in raw materials and $1.9bn in machinery that could be used to rebuild transport networks and modernise the industrial sector. Further, the US committed $1.4bn to support Western European defences under the 1949 Mutual Defence Assistance Programme, enabling European governments to redirect spending towards reconstructing their industrial bases. Consequently, Western Europe experienced GNP increases of between 15-25% from 1948-52, with industrial output nearly double that of pre-war levels by 1955. Similarly, the US disbursed $2.3bn in aid to Japan, with 15% and 12% of this aid in the form of industrial materials and transport equipment respectively to enable industrial rebuilding. Additionally, America committed itself to defending Japan in the 1951 Treaty of Mutual Cooperation and Security. This enabled Japan to divert government expenditure towards its economy, evinced by the 20% decline in defence spending as a share of GDP from 1958-60. With US aid, Japan has seen exceptional growth, with pre-war industrial output restored by the mid-1950s and annual per capita GDP growth averaging 7.1% from 1945-56. In this manner, US aid provided much-needed capital and resources for post-war reconstruction, allowing countries to build infrastructure, modernise their industrial sectors and grow rapidly in the process.

In the long term, the US's role shifted to an increasingly indirect one of maintaining global economic cooperation achieved through the Bretton Woods system and multilateral institutions, enabling economic stability and liberalisation that increased trade and sustained growth. Not only did the US spearhead the creation of the Bretton Woods institutions in 1944, but it was also their principal sponsor into the 1950s and 1960s, contributing more than $10bn annually and holding the largest vote share on their boards. Hence, the International Monetary Fund (IMF) and International Bank for Reconstruction and Development (IBRD) operated under US leadership and with US money, offering loans with conditionalities that prevented governments from adopting protectionist policies. This maintained global economic liberalisation, resulting in merchandise export volumes ballooning 290% from 1948-68 as free trade boomed. The US further bolstered global economic cooperation with the Bretton Woods system, taking on the responsibility of maintaining gold-dollar convertibility to allow other currencies to be pegged to the USD. This system of fixed exchange rates minimised exchange rate fluctuation, ensuring global financial stability that incentivised cross-border trade. As such, after the system became functional in 1958, annual growth rates of export volumes exceeded 8% in the 1960s. With the US promoting a new order of global economic cooperation, liberalisation and stability, this indirectly allowed countries to sustain growth by participating in free trade and expanding their export sectors.

However, the US's role cannot be overstated: US efforts were supplemented by the sound economic policies of individual governments that maintained the growth the US stimulated. In France, the Monnet Plan nationalised the coal, electricity and railroad industries, with proper government management resulting in much greater productivity increases in these sectors. Additionally, the government financed the modernisation of industrial equipment and created a social service system in 1945 to boost consumer spending. These sound economic measures led to high annual GDP growth rates of 4.6% and 5.8% in the 1950s and 1960s respectively, outcomes that cannot be entirely credited to the US. Similarly, good economic management by the Japanese government contributed significantly to growth: the Ministry of Trade and Industry introduced the "Inclined Production Mode" in 1949, emphasising the production of commodities like steel and cotton to capitalise on its comparative advantage. Further, the 1960 Ikeda Income Doubling Plan used a combination of tax breaks, targeted investment, and an expanded social safety net to increase consumer spending and industrial development. These government efforts led to growth that exceeded all targets: Japan's economy doubled in size from 1960-67 three years ahead of schedule, with GDP growth averaging 10% from the 1950s-60s. As such, while the US might have laid the foundations for growth, it was the sound policies of individual governments that ultimately turned these foundations into actual, sustained growth, making the US's role limited.

Further, from the late 1960s, Western Europe and Japan partially replaced the US's former role as a source of investment from MNCs and loans for industrial development, extending growth to more nations globally. In the 1960s, many newly-industrialising countries (NICs) received aid and investment from Western Europe and Japan rather than the US. Japan joined the OECD's Development Assistance Committee (DAC) in 1960, with Japanese aid reaching $5.8bn in 1973. Alongside over $800m in aid to Korea in 1965, Japanese aid enabled its recipients to modernise their industries and increase production, creating economic growth. Further, the Japanese government liberalised rules for foreign direct investment (FDI) in the early 1970s, with FDI from Japanese multinationals averaging $2bn from 1970-73. Similarly, Western Europe partially took over the role of the US as a source of loans: the 15 EU members in the DAC contributed nearly half of total developmental aid in 1972, compared to the US's 30%. Additionally, European MNCs began to invest heavily abroad, with British multinationals alone contributing $15.8bn in FDI in 1967. Such FDI facilitated technology transfer and boosted employment in NICs worldwide, reducing global dependence on American capital. As such, while the US was instrumental in financing growth from the 1940s-50s, particularly in Western Europe and Japan, its role declined in importance in the 1960s-70s as the rest of the globe developed.

Additionally, by the early 1970s, the US began to prioritise its own economic welfare at the expense of global growth, pursuing policies that hindered rather than benefitted global trade. In 1971, the US imposed a 10% import tariff to combat domestic inflation, not only undermining global economic cooperation but also hurting the export-competitiveness of its trading partners who were dependent on the US as the world's largest importer, detrimentally impacting growth worldwide. For instance, the resultant decline in demand for foreign exports led to Japan's GDP growth halving from 12% in the late 1960s to 5% in 1971. Further, Nixon unilaterally ended gold-dollar convertibility in 1971, effectively collapsing the Bretton Woods system and resulting in greater exchange rate fluctuation as the values of currencies were increasingly allowed to float. This increased volatility deterred international trade, leading to the growth of world trade slowing to 6% in 1971, well below the 1960s average. As such, not only had US contribution to global growth declined by the early 1970s, the US began to hamper rather than help the global economy in some instances.

It is undeniable that the US was critical in spurring economic growth from the 1940s-50s, both directly by offering aid for post-war reconstruction in the short term and indirectly by maintaining international cooperation in the long term. However, the US's role was never sufficient to secure growth by itself: it was up to individual governments to effectively utilise US aid and the cooperative global climate to generate growth. Additionally, the US's importance as an engine of growth would diminish over time, as Japan and Western Europe contributed more aid and investment from the late 1960s and the US pursued self-interested policies in the early 1970s. Hence, global economic growth throughout the entire Golden Age cannot be mainly attributed to the US.

Ultimately, the US's role in the global economy — beneficial, insignificant or harmful — evolved depending on whether America's interests at that time aligned with that of global growth. In the immediate post-war years, with Cold War fears of European poverty bolstering support for communism, the need for export markets for US products and the opportunity to create a pro-US international order, it was in the US's own interests to actively promote growth and international cooperation. However, as balance-of-payments deficits mounted, US economic growth waned and military spending in Vietnam ballooned, the US was forced to manage domestic priorities at the expense of the world economy as these two objectives increasingly diverged. Thus, the US catalysed global economic growth temporarily when it aligned with its self-interest, making it unable to claim the bulk of the credit for global growth from 1945-73.