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### Economic Interests and the United States Intervention in the Great War

The twenty-eighth president of the United States, Woodrow Wilson, once addressed the nation about the potential of America and asked the people what they would do “with the influence and power of [their] great nation” (“Address at Independence Hall: ‘The Meaning of Liberty’”). As the country entered the twentieth century, the United States emerged as a leader in industrial production, particularly in steel, positioning itself as a major world power. Trade across the Atlantic Ocean with France, Great Britain, and Germany thrived until the outbreak of the European War when Germany began to disrupt commerce between the United States and its trading partners. Economic factors, particularly the protection of American business interests, played a decisive role in pressuring the United States to enter the Great War, and this involvement led to significant economic growth until the Great Depression.

Initially, before the United States entered World War I, its government had loaned money to countries from both sides, and the economic benefits from providing capital to the two sides of the war would backfire on America if the Allies did not win the war. By the time the United States declared war on Germany, “the American people already held a ‘stake’ in the war [...] amounted to more than \$2,300,000,000,” with only “\$27,000,000 [...] represented investment in the cause of Germany” (Van Alstyne 1). With more than two billion dollars invested into one

side of the war, this fact shows the United States had been choosing a side in the war for a long time. Noticeably, it was during the presidency of Woodrow Wilson, who had a strong belief in isolationism and claimed to be neutral toward the war in Europe. This is the first evidence of America's involvement in the Great War, not by military means, but rather economic support towards the two sides of the war, especially the Allies. With such a huge amount of money sinking into one side of the war, the United States of America was at risk of losing two billion dollars for nothing if France and Great Britain could not gain victory in Europe. It also came with the fact that the United States would lose strong trading partners, and Germany's ambition would not be a threat to American economic and political interests in many other regions.

Specifically, take a look at the math to have a deeper understanding of how the United States interpreted the European War from an economic perspective. During 1913 and 1917, "U.S. exports to Europe rose from \$1.479 billion [...] to \$4.062 billion" (Rockoff, "U.S. Economy in World War I"). For instance, right after the war broke out, commerce between the United States and Allied nations increased dramatically, as America "sent abroad 224,000,000 bushels and were paid \$297,000,000," compared to the "\$46,750,000" during the same period one year earlier (Clapp). If the United States were to stay out of the war and continue its neutral policy, "the loss of output in 1917 would have been \$2.031 billion per year," which was "3.7 percent" of the gross national product (Rockoff, "U.S. Economy in World War I"). In the bargain, before the war broke out, there were "recessions or depressions in 1902-04, 1907-08, and 1910-12" due to "the absence of a mechanism to limit the effect of runs on banks or to control the money supply" (VanGiezen and Schwenk 1). Without control over the money supply, banks were able to lend freely to European countries such as France and Great Britain, which explains the two billion

dollars in loans. This also meant that bankers and businessmen were concerned about their capital, fearing another recession if exports to Allied countries could not continue. These concerns pressured them to advocate for American intervention in the war. The United States considered these long-term consequences when deciding whether or not to join the Great War.

Even more than that, the continuation of unrestricted submarine warfare from Germany played an important role in America's decision to join the war, not only because of the casualties but also the economic damages. Concerns about trade and exports with the Allies explained America's "opposition to submarine warfare [, which] was based partly on [their] insistence on [their] rights as neutrals to carry on a profitable trade with the Allies." (Rockoff, *Until It's Over, Over There: The U.S. Economy in World War I* 5). From this perspective, the loss of civilians due to German unrestricted submarine warfare, infamously the Lusitania disaster, was not the only reason why the United States declared war on Germany, but also the loss of assets and money, the "process of interrupting the flow of commerce between neutrals and belligerents and even between neutrals themselves" (Clapp). Whether or not the United States shipped weapons to Great Britain on the Lusitania, the ship itself was a symbol of partnership between the two nations. Viewing the "German submarine warfare against commerce [as] a warfare against mankind" (Wilson, *Americanism: Woodrow Wilson's Speeches on The War, Why He Made Them, and What They Have Done* 38), the United States had no choice but to join the war and stop the German aggression. Losses of products and goods from trading, and subsequently the loss of the trading partnerships itself, advocated the United States to take action against Germany.

In fact, despite the high cost of mobilizing an army for the war, the war proved itself to be a profit for the American economy, strengthened and grew by increased trading with the

Allies, as well as domestic reactions and efforts. The United States “made the ultimate conversion of the economy to a wartime basis easi[ly]” thanks to “the long period of [...] neutrality” (Rockoff, *Until It’s Over, Over There: The U.S. Economy in World War I* 5). To provide more details, it was the “first major attempt at government control of the economy” by shifting “more than 20 percent of national production to wartime needs” (VanGiezen and Schwenk 3). Neutrality was a policy to keep the United States out of the war, but now it was the main factor of the quick adaptation. Compared to the slowness of mobilization from the Russian Empire at the start of the war, this quick mobilization of the United States had a significant impact on the outcome of the First World War. It proved that changing the economy into a completely different form was not an issue for the American people. By focusing most aspects of the economy on producing “goods of the war,” the United States could mass-produce “food and munitions,” sell them to European nations, “turn things around and create a long economic boom” (Rockoff, *Until It’s Over, Over There: The U.S. Economy in World War I* 4). With European countries in desperate need of weapons and ammunition, America positioned itself as the key supplier in this supply-and-demand dynamic. This then turned into a situation wherein both sides received what they wanted: European nations acquiring the materials needed for war, and the United States getting the opportunity to gain economic benefits through production and exportation. This role not only enhanced the industrial power of America but also closely linked its economic interests with the success of the Allied forces.

Furthermore, the economic boom did not stop by the end of the war, as the economy continued to grow without being affected by the change in the workforce from peacetime to wartime. This fact was proven with the rise of the labor force “from about 40 million in 1916 to

44 million in 1918,” with the increased number of “the labor force in the nonfarm private sector from 27.8 million in 1916 to 28.6 million in 1918” (Rockoff, “U.S. Economy in World War I”). Despite having to pull many people, especially men, out of the workforce, the industry did not collapse because of labor shortages but rather got strengthened as many people, even women, joined the labor force to maintain the military economy. Those were not temporary people who served as placeholders, they worked and improved the economy, proven by the fact that “the all-important category of food grains showed strong increases in 1918 and 1919” (Rockoff, “U.S. Economy in World War I”). Besides, this introduced a new generation, a new group of people into the workforce of the United States, which was both a triumph and a tragedy in American society at the time.

Moreover, the economic boom was not a brief, one-or-two-year period, but a decade of continuous economic growth, until the Great Depression hit in 1929. To have some insights, the real gross national product growth was “relatively rapid,” with a rate of “4.2 percent a year from 1920 to 1929” (Smiley). National economic growth after the war proved that the decision to join the Great War of the United States was correct, not only in the name of freedom and democracy but also in terms of the economic benefits afterward. Unlike the Gilded Age, this economic improvement was reflected on a micro level, as the real gross national product per capita “grew 2.7 percent per year between 1920 and 1929,” leading to the widespread “ownerships of cars, new household appliances, and housing [...] through the population” (Smiley). Even though mass production and supply without domestic demand was the reason for the Great Depression, the fact that the United States was still able to recover and maintain its economy after the war, while European countries’ economies were suffering heavy devastation, demonstrated the strategic

advantage America gained from participating in the war. Therefore, the decision to fight in the Great War helped the United States to cement its status as an emerging economic power.

From an evaluation of the above arguments, it can be concluded that economic factors were a strong force that pressured the United States to enter the Great War, and the economy was able to adapt and improve significantly before the Great Depression. Throughout its history before World War I, the United States remained isolated and focused on internal struggles. Expanding beyond North America was a new concept of imperialism, and involvement in the Great War had shifted America to active engagement in global affairs with significant impacts. The economic boom after World War I solidified America's position as a new world power and allowed it to pursue its interests abroad while maintaining a strong domestic economy. Furthermore, this created a foundation of financial capability for future interventions of the United States globally. The economic benefits gained from participating in World War I continued to shape foreign policy; the Great War was not just a historical event, it was a vital part of the American economy and identity in the twentieth century.

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