

Econ 323

Economic History of the U.S.

Prof. Eschker

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Today's Topics

- Chapter 8 (cont.)
 - Disposal of U.S. public lands
 - Economic Incentives for migration
 - Land Speculation
- Industrial Revolution Stats
- Why England/United States?
- Importance of Savings
- Technology
- Corporations

Note:

- Today we talk about the facts and causes of Industrialization
- Next time we look at worker life

Home textile production



Canal Impact

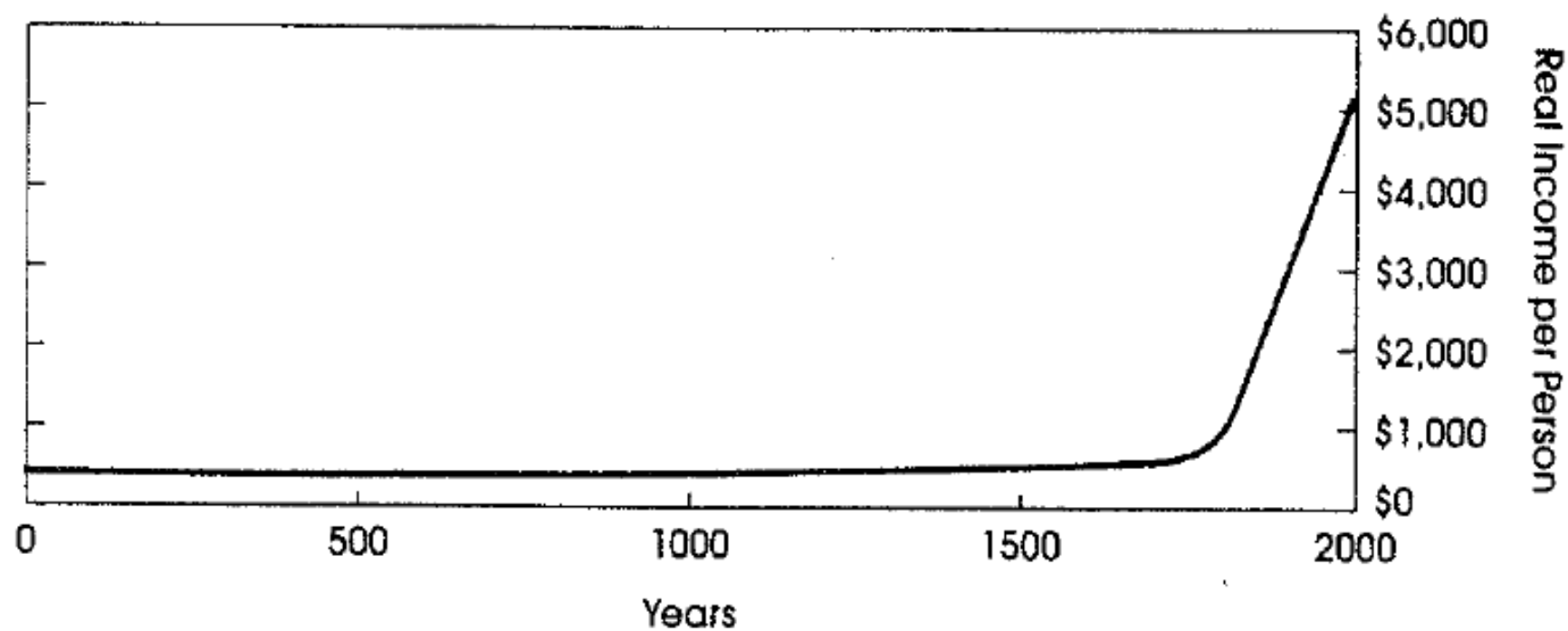
Shaded areas are top 1/3 of counties with highest home production of woolen items



Transportation improvements
increased scope and size of markets

Coalbrookdale at night, 1801,
Philipp Jakob Louthenbourg the Younger





Real income per person before the early 1800s hardly changed at all. Beginning at about 1800, economic growth per person accelerated, rising by about 1.2 percent per year from 1820 to 2000. Today's economic growth rates are high by historical standards. Real income per person is measured in 1990 International dollars. Source: Based on Maddison, A. 1995. *Monitoring the World Economy*. Paris: OECD

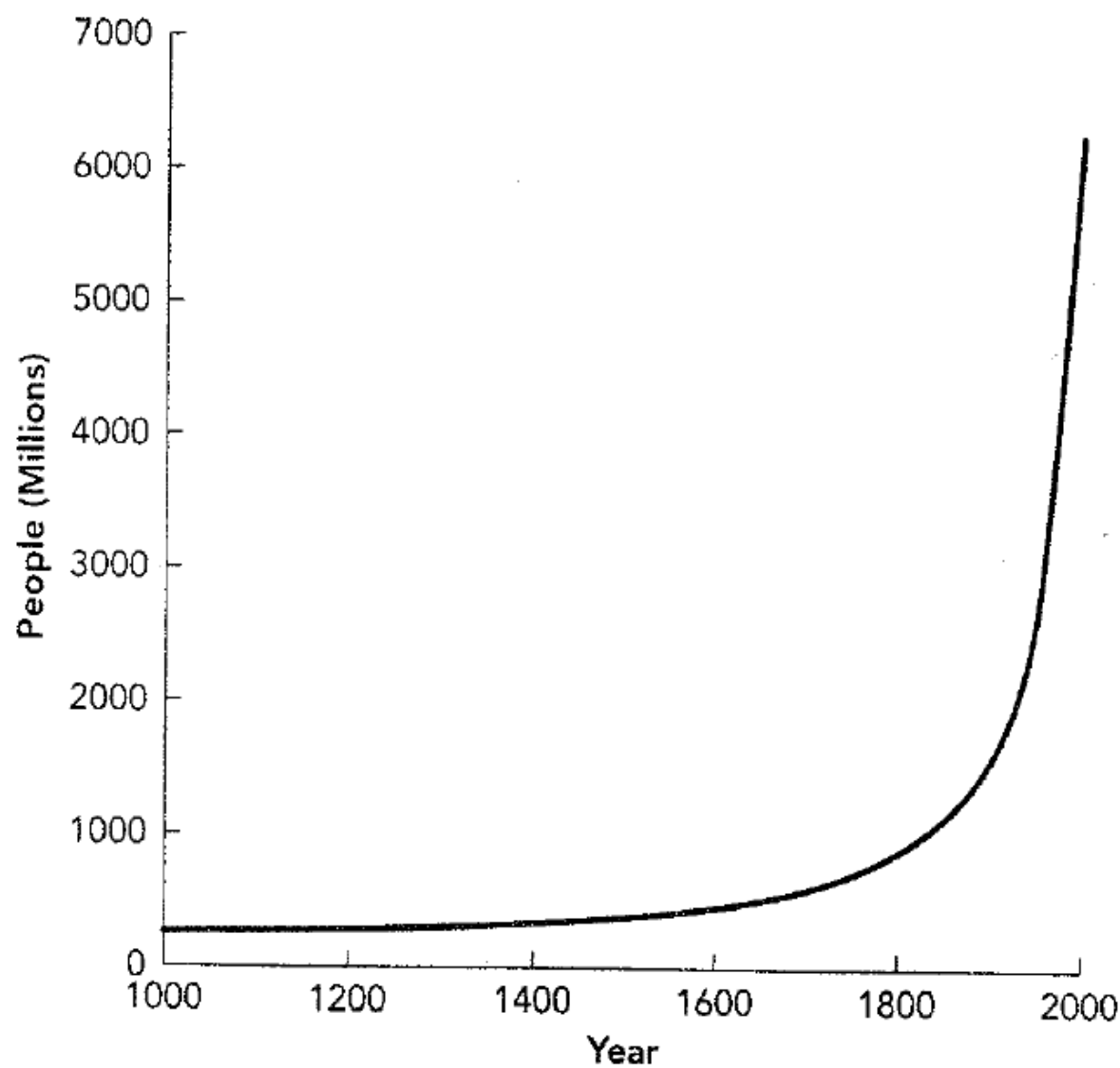


FIGURE 5.1
World Population
Growth since 1000
The growth of human
populations since 1800
is called, not
surprisingly, the
population explosion.

TABLE 5.1
Economic Growth through Deep Time

Year	Population*	GDP per Capita†
-5000	5	\$ 130
-1000	50	160
1	170	135
1000	265	165
1500	425	175
1800	900	250
1900	1625	850
1950	2515	2030
1975	4080	4640
2000	6120	8175

* Millions.

† In year-2000 international dollars.

Source: Joel Cohen, *How Many People Can the Earth Support?* (New York: Norton, 1995).

**Average Growth Rates of Income per Person for Various Regions
(1820 to the Present)**

	1820-1950	1950-1973	1973-1995	1996-2000
Western Europe	1.1%	3.9%	1.7%	2.0%
North America	1.6	2.5	1.5	3.2
Japan	0.8	8.0	2.5	0.1
Eastern Europe	1.1	3.8	-0.8	—
Latin America	1.0	2.5	0.6	—
China	-0.2	2.9	5.4	7.5
Other Asia	0.3	2.8	2.5	1.8
Africa	0.6	2.0	-0.3	—

Source: Maddison, Angus. "Poor Until 1820." *The Wall Street Journal* 1 January 1999, and author estimates.

TABLE 5.2**Labor-Time Costs of Commodities, 1895-1997**

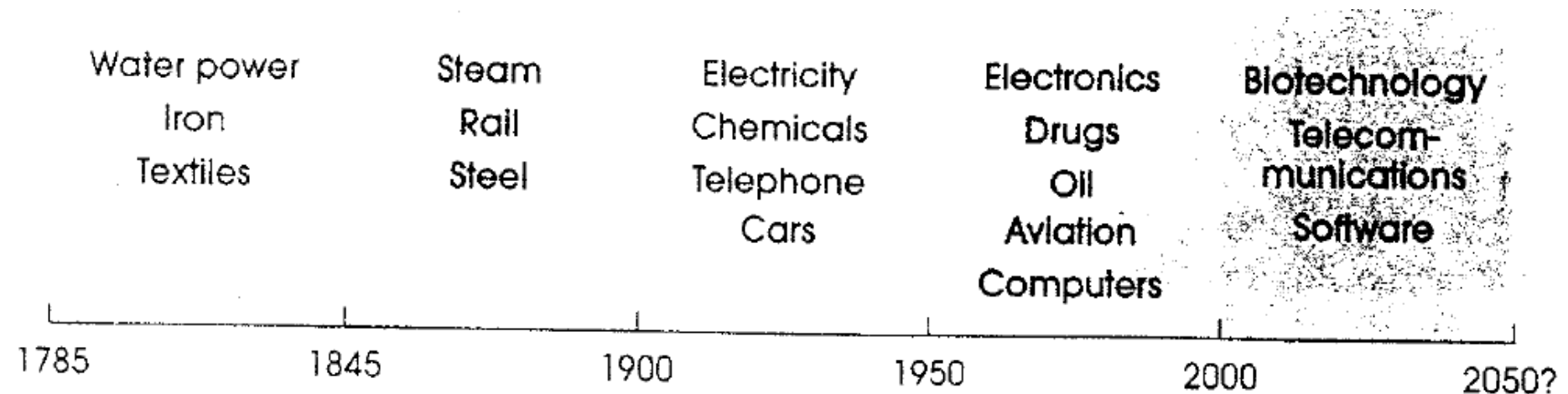
Commodity	Time to Earn (Hours)*		Productivity Multiple
	1895	1997	
Horatio Alger books (6 vols.)	21.0	0.6	35.0
One-speed bicycle	260.0	7.2	36.1
Cushioned office chair	24.0	2.0	12.0
100-piece dinner set	44.0	3.6	12.2
Hairbrush	16.0	2.0	8.0
Cane rocking chair	8.0	1.6	5.0
Solid gold locket	28.0	6.0	4.7
<i>Encyclopedia Britannica</i>	140.0	4.0	35.0
Steinway piano	2400.0	1107.6	2.2
Sterling silver teaspoon	26.0	34.0	0.8
Oranges (dozen)	2.0	0.1	20.0
Ground beef (1 lb.)	0.8	0.2	4.0
Milk (1 gal.)	2.0	0.25	8.0
Television	∞	15.0	∞
Plane ticket: SFO-BOS	∞	20.0	∞
Antibiotic strep-throat cure	∞	1.0	∞
Dental x-ray	∞	2.0	∞
Laptop computer	∞	70.0	∞

* Time needed for an average worker to earn the purchase price of the commodity.

Source: 1895 Montgomery Ward catalogue.

Technological Change and Leading Industries over Time

Source: Colander and Gamber



In the late 1700s, steam power and iron manufacturing were the driving forces. In the 1860s, railroads were the dynamic industry. Later, electronics, automobiles, and chemicals drove the U.S. economy. In the 1980s and 1990s, computers and biotechnology were the leading industries. Some economists claim that a new growth era has begun because of this recent wave of innovation.

Comments on Heilbroner and Milberg Ch. 4?