

## Chapter 12: Development of the United States' Economy

### **The Factors That Influence an Economy**

**Economy** = producing, buying, and selling goods and services

**Agricultural Economy** = economy that met most of the needs of the colonists

The colonists had to import most of the manufactured goods they wanted because **there weren't many craftsmen in the colonies.**

### The Seven Factors of an Economy

#### **Labor Force**

**Labor Force** = all the men, women and children who could work

A labor force contributes to an economy that is working well by **being large enough and skilled enough to do all the jobs that have to be done.**

#### **Natural Resources**

**Natural Resources** = something useful that occurs in nature

Natural resources contribute to an economy that is working well **if there are enough of the right natural resources.**

#### **Equipment and Tools**

Equipment and tools contribute to an economy that is working well **if there are enough of the right tools and equipment available to do the work that is needed.**

#### **Transportation**

Transportation contributes to an economy that is working well **because there has to be transportation available to carry resources and products to places they are needed.**

#### **Money and Credit**

**Credit** = ability to borrow money

Credit contributes to an economy that is working well **because an economy needs credit available for both the people buying goods and the people selling goods so that they don't have to wait to buy what they need.**

### **Demand for products and services**

Demand for products and services contribute to an economy that is working well **because there must be a demand for products and services in order for anyone to make money.**

### **Profit**

**Profit** = money made from selling a product or service after taking out the cost to make the product or service.

A company makes a profit when **it can sell a product or service for more money than it cost to make it.**

The cost of a product or service is determined by **the availability of ; natural resources, equipment and tools, transportation and credit.**

The selling price of a product or service is determined by **its demand.**

Making a profit contributes to an economy that is working well by **allowing companies to stay open for business thus creating jobs for people and creating the need for other companies to supply them.**

## **The Economy of the Northeast**

### Labor Force

The population of the Northeast increased **because of the arrival of new immigrants.**

Laborers in Europe:

**There were too many laborers. The people had few choices for jobs. If they were lucky enough to have a job they had to keep it.**

Laborers in United States:

**There weren't enough laborers. People could choose which job they wanted. They could also choose to move west to farm.**

The shortage of laborers caused problems for business owners in the Northeastern United States **because they had a hard time finding and keeping workers.**

The problems that caused workers to form trade unions = **working long hours and being paid low wages.**

## Natural Resources

Natural resources of Northeast = **good farm land, timber, fish, iron, coal and water.**

## Equipment and Tools

Two inventions that helped build the textile industry in the Northeast =

- a. **the power loom**
- b. **the cotton gin**

One cause for the increase in the number of textile factories in the Northeast was **that for the most part, trade with Europe stopped, because of England's war with France and also the war of 1812.**

## Transportation

One solution to the growing transportation problem was **to build turnpikes which are privately owned roads that a person has to pay a fee to use.**

Canals helped solve the transportation problem **by connecting waterways so that barges could carry products from the Great Lakes all the way to New York City.**

Some of the problems with canals were =

- a. **They were too expensive to build.**
- b. **They had to be built on flat land.**
- c. **Sometimes during the winter they would freeze.**

The development of the steam engine lead to **the steamboat and the steam train.**

The advantage steamboats had that canals did not have **was that they could go all the way up rivers.**

The advantages steam trains had that steamboats and canals did not have =

- a. **They could go anywhere there were tracks.**
- b. **They didn't have to have level ground.**
- c. **They didn't have to travel where there was water.**

## Money and Credit for Manufacturing

Businessmen switched their businesses from trade to manufacturing **because they could make big profits in manufacturing.**

Banks began investing money and offering credit to new American manufacturing businesses **because other manufacturing businesses were making so much money.**

The one reason that manufacturing grew more in the Northeast than in other parts of the country **was because most of the banks were there so the businesses could get money and credit.**

### Demand for Product

Some reasons that there was a demand for more products =

- a. **More people were living in cities and not relying on farming.**
- b. **American industry could manufacture products that weren't as expensive and were just as good as the ones imported from Europe.**

### Profit

American - made products were better for the economy than imported products **because imported products only made money for American businesses that transported and resold the products. American made products made money for the manufacturers, and many other businesses thus creating more profit and more jobs.**

### Women and Children and the Economy

#### **Effects of the new manufacturing on women**

Francis Lowell hired teenage girls to work in his mills **because he could pay them low wages.**

Working in a textile mill benefited young women **because it allowed them to become self-sufficient and gave them new social experiences.**

Employers replaced their young female workers in the 1840's **because they could get young immigrant men who were stronger to do the same jobs for lower pay.**

#### **Women's rights in new industrial society**

The work women did to help solve people's rights problems was to become missionaries =

- a. **to western communities**
- b. **to Native tribes in the West**
- c. **to slaves**

**Other women helped by working with poor families or single women who lived in the cities.**

One thing women were angry about at the Seneca Falls Convention was that **women didn't have the right to vote.**

**Women's Suffrage** = woman's right to vote

### **Children in the new industrial society**

The apprenticeship system **did not** continue to prepare boys for a job **because the new industry only required unskilled laborers so there was no need to spend money to train young boys.**

The primary cause of the creation of high schools **was the need to train young people for new office jobs.**

### **The Economy of the West**

The meaning of the West changed **as the West became more populated. The boundary of what was considered the West kept moving further and further west.**

### Labor

Number of white people who lived west of the Appalachians in 1850 = **about 5 million.**

### Natural Resources

When farmers land no longer produced good crops **farmers would move to new land.**

The natural resources of the upper part of the West were **a lot of timber and ore.**

### Equipment and Tools

The inventions that helped agriculture in the West were =

- a. the mechanical reaper**
- b. the steel plow**

### Transportation

Transportation was a problem for farmers in the West **because there weren't many roads, and the roads that were there were rough.**

The problem with river flatboats **was that they were only good for sending things down river.**

Steamboats helped with transportation in the West **because they could go up river and so they lowered the cost of transportation.**

Farmers were allowed to specialize **because of the better and less expensive transportation.**

Farmers specialized **because they could make a good profit growing only one thing.**

### Money and Credit

Farmers needed credit **because they had to buy land, hire workers, buy seeds and tools, and pay for their products to be shipped to market. All of this required a lot of money.**

People in the West solved their money and credit problems **by starting their own banks.**

Too much credit can cause problems **when banks loan out more money than they have and then the loans aren't repaid.**

**Depression** = when economic problems get bad and people are out of work

### Demand for Product

The demand for the agricultural products of the West came from **the Northeast and countries in Europe.**

**Merchants** = people who transported farmers crops across the country and then sold them.

### Profit

A farmers profit changed from year to year **because of weather conditions.**

### Summary of the Economy of the West

Two factors that began creating problems for the people in the West were =

- a. **not being able to get enough credit**
- b. **the cost of transportation**

### **The Economy of the South**

## Labor

Population growth of the South = **mainly due to babies being born to people already living in the South.**

Population growth of the West and Northeast = **mainly due to immigrants.**

White labor forces in South = **were free to move to better paying jobs.**

African-American labor forces = **had to stay where they were.**

## Natural Resources

The South based its economy on **good farm land and growing cotton.**

## Equipment and Tools

The one invention that was the most useful for the economy of the South **was the cotton gin.**

That invention helped the Southern economy by **increasing cotton production.**

## Transportation

## Money and Credit

The people in the South who could get all the credit they needed **were the people who owned the large plantations.**

## Demand for Product

The product of the South that was in the greatest demand **was cotton.**

## Profit

The people who made the biggest profits in the Southern economy **were the big plantation owners.**

## Summary of the Economy of the South

Two factors that were essential to the continued health of the Southern economy were =

- a. **slave labor**
- b. **land**

