

# Principal of economics

[History](#)



PRINCIPAL OF ECONOMICS Economic expansion The America economic expansion came of age between periods of two wars. It is in between the civil war and the 1st world war that tremendous economic revolution took place. The Gilded age is the time that America moved from a rural nation to an urban nation. There was the emergence of strong factories, transcontinental railroad, steel mills and development of cities. Agriculture boomed as agent embraced commercial farming and subsequently intercontinental trade. However, the economic growth in the country brought problems. A few industries dominated the economy and working conditions deteriorated as cities grew so fast to guarantee decent housing. Technology The growth in technology advancement was stimulated by the needs of war. The civil war, therefore, enabled increased utilization of iron, electric power and steam. These developments facilitated the advancement in science and innovation. Before 1860, more than 36000 patents had been granted, and after thirty, years later 440, 000 patents were granted. The number of patents increased to million by the first quarter of the 20th century. In 1844, Samuel F. B. Morse has invented the electrical telegraphy. Morse improvement in electrical telegraphy enabled continents to be linked by a networked pole and wires. Alexander Graham Bell invented a telephone device in 1876. Graham would with half a century enable manufacturing of sixteen million telephones that quicken social economics of the nation. The economic growth was later boosted by the growth of business due to the invention of a typewriter in 1867, and the adding machine in 1888 and cash register in 1897. In 1886, the linotype composing system was invented, and a rotating press folding machine enabled printing of 240000 of eight page newspapers in not more than an hour. Thomas Edison's contribution enabled

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to lit millions of homes with incandescent lamp. Edison together with George Eastman developed the talking machine. The utilization of science enabled a new set of economic productivity. The advancement in technology concurrently grew with the nations iron and steel industries. The steel age Andrew Carnegie brought much alms to the steel production. Andrew came to America as a young boy, 12 year old and before the age of thirty he had farsighted investments in the iron industry. By 1865, Andrew has invested in companies that made iron bridges, locomotives and rails. After ten, years, Andrew built one of the largest steel mills in Monongahela River, Pennsylvania. He acquired control of the mill, coke and coal properties. He commanded businesses in shipping lines and railroads. His investment steered the industrial development that was never seen there before in America. Nevertheless, Andrew never controlled entirely the natural resources, manufacturing plants and transportation that were involved in the steel industry. In 1890s, other companies emerged and challenged Andrew preeminence. Later, he was persuaded to consolidate all his holding in order to create a new corporation that would control the massive iron and steel properties. Emergence of corporations and cities The rise of corporations began at the time of the civil war. The trend would be later gain momentum in 1870s, when businessmen feared the fall of prices as production increased. To counter declining prices due to overproduction, they had to control production and the market. This involved bringing competing firms together into a single organization. This led to the formation of the corporation and trusts to achieve this objective. Corporations enabled business enterprises to make enormous profits ensured an indefinite life and continuity of businesses. This attracted investors because of high profits and <https://assignbuster.com/principal-of-economics/>

limited liability. The investors of stock placed their stocks on the hands of trustees. The trust there after gave way to the establishment of holding companies. Amalgamation of trusts enabled the pooling of resources and patents. One of the earliest corporations was founded by John D. Rockefeller, the Standard Oil Company. Other corporation followed in lead, cottonseed oil, rubber and tobacco. The industrial order took place in cities. The city was the hub of business functioning. It brought the nation's dynamics economic resources, capital, financial institutions, businesses, railroad yards, armies of clerical and manual workers and thick factories. Previous villages attracted people from the countryside and others from lands across the sea. The villages grew in to town, and as they developed town became cities. By 1830, remarkably few American lived in the villages. In 1890s majority of American were living in cities, New York had over one and half million people, Illinois, Chicago, Philadelphia and Pennsylvania had more than a million people. In the last decade, the financial systems have been portentous. The generally economy has been affected by the failure of the banking sector to a point of depression. Currently the U. S is fighting for a financial crisis and a cost of two wars that cost the taxpayers over deeply. Therefore, the former do describes America economic history since the gilded age to the 21st century. The major players as mentioned above played a crucial role in shaping the American economy that is cherished to date.