

WORD KEYS TO ECONOMIC HISTORY

These economic terms are keys to understanding changes.

They follow a kind of timeline to show how you might apply them, but they do not belong to just one time period. **Each idea is part of the economy and the way it changes throughout history and today.** As you examine each one, think of at least one other example from another time in history—or today—that shows what that idea means.

1500s

CITY

You won't find the city in many economic glossaries, but it has always been an important economic center as well as a cultural and political center. The major changes of the 1500s—and of preceding centuries—were based in cities. In the 1500s, European cities were changing as trade and war brought cultures into contact. As they built empires, those cities would affect regions much larger than their own countries.

COMPETITION

England, Holland, France, and Spain wanted new lands in the Americas. They competed for control there and for influence in Europe. European cities were centers of economic power competing against each other; Venice opposing Florence; Amsterdam opposing London.

1600s

CAPITAL

You can see one kind of capital: the tools, equipment, and buildings used to produce things people want. The colonies in North America brought most of their capital with them until people in the colonies set up their own workshops to make the tools and equipment they needed to build, farm, and travel.

HUMAN CAPITAL

You cannot see this kind of capital, but you can see its results. It is the productive knowledge and skills of people. Tools and buildings do not materialize or work by themselves. They require human capital. For example, the skills that blacksmiths brought to the colonies meant that people could get new tools, stoves, and many other things they needed. What are some kinds of human capital that immigrants have brought to North America since 1600? In each century, different kinds of skills are important for workers. What kinds of human capital might be most useful for workers today?

LAND

Land means natural resources, and North America held minerals (especially gold and silver), trees, furs, and other resources that Europeans wanted. One Native American said to an English trader that he must have come to America because he had run out of wood in Europe. The European laughed, but in a way it was true.

1700s

INFRASTRUCTURE

The roadways, waterways, communication systems, water supplies, and other capital that people need to live and work. Infrastructure is a kind of physical capital. There has been some infrastructure in North America from the time the first building was built or path was cut. What would have been an important kind of infrastructure in your part of North America in the 1700s?

ECONOMIC DEVELOPMENT

Change in the way the economy is organized—its structure. In the 1700s, Americans set up shops, stores, factories, and mills. While most Americans worked on the land, many began to live and work in cities.

1800s

INVESTMENT

The process of making (or buying) new capital—equipment, supplies, tools, buildings, and other things a business needs to produce. In the 1800s, the United States began its own industry as manufacturers produced tools, iron products, and furniture instead of importing it from Europe.

ENTREPRENEUR

Someone who brings about a change in the structure of the economy. Entrepreneurs are organizers who coordinate productive resources in a new way. They usually are business people, but they may be public officials or communal innovators who change the economy for social and political reasons. 1800s entrepreneurs include: Samuel Colt (introduced the interchangeable part), Samuel Gompers (founded the American Federation of Labor), and Jane Addams (founded the first U.S. settlement house.)

RESISTANCE

People oppose some changes, especially if the changes threaten the way they are used to living and working. In the 1800s, wagon makers fought against the building of canals. Then the canal owners fought against the building of the railroads.

INNOVATION

A change. Often, economic innovations come in clusters—they have connections. The building of the railroads and the growth of the steel industry were two innovations during this time that were connected with each other.

1900s

TECHNOLOGY

Know-how—the techniques for making products. In the 1900s, there were major changes in the kinds of production, including the introduction of the recent innovation of robotics. What other technological changes have affected production in each century—through today?

ECONOMY

The system of institutions that answer the four basic questions: What are we going to produce? How will we produce? How much will we produce? How will we distribute the products? You'll find many answers in U.S. history and in the U.S. today.