Case Study: American Economic Development

THE CITY CENTER: BOSTON

Just being in a good location for shipping doesn't mean that a city will become a seaport or a major economic center. For example, Los Angeles is a major shipping center on the West Coast even though its harbor was not ideal. One economist wrote:

Many cities engaging in enormous trade occupy notable inferior trading sites. Tokyo and Los Angeles are examples. A senator from Maine—a state with many fine harbors but no consequential cities—once told the people of Los Angeles, 'You have made a big mistake in the location of your city.' He was annoyed because Los Angeles, in the 1920s, was lobbying for Federal funds to build itself a port. 'You should have put it at some point where a harbor already exists,' he scolded, 'instead of calling on the U.S. government to give you something which nature has refused.' [Jane Jacobs, The Economy of Cities.]

Boston was located in a good natural harbor. It developed into the economic center of New England, but not just because of that harbor. The chart below lists some of the important factors in Boston's development. They are factors of production: the parts of an economic activity—of making things people need.

Factors of Boston Production, 1620-1750

- Natural harbor
- Farm tools
- Grazing land
- Brick kilns
- Organizers of the fishing industry
- Skilled craftsmen
- Tools and machines that saved labor

- Great supply of cod nearby
- Iron-making equipment
- Indentured servants
- Sawmills
- English government workers

- Settlers who changed English tools to meet the special needs of the area
- Rivers
- Shipbuilders
- Landowners
- Fur-bearing animals
- Iron forges
- 1. Boston became a major seaport and a shipbuilding center. Which factors probably were most important in that work?
- 2. Through the investments of London and Bristol firms called joint stock companies (especially the Massachusetts Bay Company), Boston became the economic capital of its region. What kinds of development probably took place as Boston gained importance?
- 3. Why might those British companies have decided to invest in Boston and not in another place, such as Newark or New York?
- 4. Make a chart like this one for your own city at a key time in its development. You could profile it at a time in the past or today.