

Business History of USA

Week 4, 24 February

Let's check homework 😊

Please, describe what you see in the photos?



Medieval merchant



Merchant in modern
time

First steps

- The first American colonists were the earliest entrepreneurs in this country. Bearing a positive outlook and pursuing dreams of success, they were the model for generations of entrepreneurs to follow.

Entrepreneurship in the United States, 1865-1920

- The half-century or so following the Civil War was a period of extraordinarily rapid economic growth in the United States. Real gross domestic product (GDP) multiplied more than seven times between 1865 and 1920, and real per capita product more than doubled.

Who started it ?

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Institutions and the Role of Government in the Aftermath of the Civil War

- State governments were not similarly handicapped, however, and from the late eighteenth century on they played an active role in the economy, particularly in the area of transportation improvements. They were especially active during the 1820s and 1830s, investing in, or guaranteeing the debt obligations of, privately organized road, canal, and railroad companies. Some states even built and operated transportation systems as public works.

The Entrepreneur's Status in American Society

If ever there was a time or place when entrepreneurs were the most admired figures in society, it was the United States during the late nineteenth century. Americans knew the names and avidly followed the exploits of the period's "captains of industry." They devoured the rags-to-riches novels of Horatio Alger, poured over P. T. Barnum's .

The Art of Money-Getting and other success manuals, and turned out by the hundreds of thousands to hear the Reverend Russell Conwell deliver his how-to-get-rich lecture, "Acres of Diamonds." There was no higher goal for a young American male to pursue during this period than to become a "self-made man"—to make a great deal of money through dint of his own hard work and "pluck." Of course, the number of people who actually rose all the way from rags to riches was very small.

Studies of the origins of the country's business leaders showed that the vast majority had middle- or even upper-class backgrounds. Nonetheless, there was significant upward mobility during this period, and the extent of this mobility seems to have been great enough to give real substance to the myth.

Financial Institutions

- For a quarter century after the demise of the Second Bank of the United States in 1836, the federal government neither chartered banks nor regulated them. The exigencies of Civil War finance forced a change in policy, however. Beginning in 1862, Congress passed a series of National Banking Acts that induced most existing banks to exchange their state charters for national ones. The legislation taxed the notes of state banks out of existence, but national banks could issue currency in the form of national banknotes backed by holdings of U.S. government bonds. The federal government thus aimed to achieve two policy goals at the same time: to create a market for its war debt; and to provide the country with a uniform currency that, unlike the hodgepodge of state banknotes that had made up the bulk of the money supply in the antebellum era, would circulate everywhere at par.