

VISUAL 4.1

WHY DID THE COLONISTS PROSPER BETWEEN 1585 AND 1763?

- Gold and silver had not been discovered in colonial America during this period, and there were no spices to trade. England held sway as a primary source of manufactured goods and commercial activity in world markets.
- Colonial America did possess an abundant supply of land and other natural resources, but labor was not plentiful, and the colonists faced initial uncertainty about what should be produced, how to produce it, who should produce it and for whom it should be produced. Eventually, however, the colonists did prosper.
- In their *History of the American Economy* (2002), Walton and Rockhoff observe: “Indeed, by most any standards of comparison, the quality of life and standards of material well-being were extraordinarily high for free Americans by the end of the colonial period. They lived longer and better than the populations of other nations and places at the time, and better than most people throughout the world today” (p.111).

QUESTIONS FOR REFLECTION:

- Why were colonists considered entrepreneurs? Entrepreneurs are individuals who assume the risks of successfully or unsuccessfully organizing resources to start new businesses and enter competitive markets.
- The colonists were able to keep the profit they realized through establishing new businesses and entering markets. What role did this play in helping individuals build wealth and helping local markets grow?
- How could the colonies have attained this level of prosperity by specializing in producing certain goods and services and trading them with England and other countries?

VISUAL 4.2

**PERCENTAGE DISTRIBUTION OF TOTAL COLONIAL TRADE
(1768-1772)**

	Percentage of Colonial Imports of Goods and Services	Percentage of Colonial Exports of Goods and Services
United Kingdom	80%	56%
West Indies	18%	26%
Southern Europe	2%	18%
Africa	0%	1% ¹

Source: James F. Shephard and Gary M. Walton, *Shipping, Maritime Trade, and the Economic Development of North America* (Cambridge, MA: Cambridge University Press, 1972), pp. 160-161.

¹Due to rounding, the percentage total exceeds 100.

VISUAL 4.3

VALUE OF TRADE BETWEEN THE AMERICAN COLONIES AND ENGLAND (IN POUNDS STERLING), 1700-1770

Year	Total Value of Exports from the Colonies to England	Total Value of Imports from England to the Colonies
1700	£395,021	344,341
1710	249,814	293,659
1720	468,188	319,702
1730	572,585	536,860
1740	718,416	813,382
1750	814,768	1,313,083
1760	761,099	2,611,764
1770	1,015,535	1,925,571

VISUAL 4.3, CONTINUED

VALUE OF TRADE BETWEEN THE AMERICAN COLONIES AND ENGLAND (IN POUNDS STERLING), 1700-1770

QUESTIONS FOR DISCUSSION

- A. What pattern do you see in the value of the goods and services produced by the American colonists for consumption in England?
- B. What pattern do you see in the value of the goods and services produced by England for consumption in the American colonies?
- C. What do these patterns in export and import trade between the American colonies and England suggest about each economy's ability to produce goods and services for international consumers?
- D. Recall that the colonies were relatively rich in natural resources and poor in labor, while England lacked the abundance of natural resources found in the colonies but had access to stronger labor markets. In light of this information, what type of goods and services were the colonies likely to export to England? What was likely to be imported from England to the colonies?

Source: The U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970* (U.S. Government Printing Office: Washington, D.C., 1975), Part 2, pp. 1176-77.

VISUAL 4.4
THE POPULATION IN COLONIAL AMERICA

Year	Population
1700	250,888
1710	331,711
1720	466,185
1730	629,445
1740	905,563
1750	1,170,760
1760	1,593,625
1770	2,148,076

QUESTIONS FOR DISCUSSION

- A. How might an increase in the number of people living in an economy affect the supply of labor?
- B. How might specialization and trade impact employment opportunities and income levels?
- C. How may an increase in the number of people living in an economy affect consumer demand for domestic and imported goods and services?
- D. How does this increase in demand impact production and employment?

Source: U.S. Bureau of Census, *Historical Statistics of the United States, Colonial Times to 1970* (U.S. Government Printing Office: Washington, D.C., 1975), Part 2, pp. 1168. Population totals include Anglo-Europeans and African American slaves.