

Understanding Prosperity Through Scarcity, Price, & Economy

Explore Case Studies

First Industrial Revolution

The First Industrial Revolution began in Great Britain in the middle of the 18th century and lasted until the late 19th century. This time period witnessed rapid economic and social changes first in Great Britain and then later continental Europe and the United States. Prior to the First Industrial Revolution, goods were produced by hand and by individuals, usually in their homes. The First Industrial Revolution harnessed technological advancements in steam and waterpower that fueled large scale machinery in factories and mines that could produce and extract far more goods than individuals could with their hands.

A stable political and legal system in Great Britain helped fuel confidence in investors to pool their money to fund the building of the machines and workshops necessary to spark the First Industrial Revolution. Additionally, increased specialization and technology in agriculture helped increase the amount of food farmers could grow, allowing a large portion of the population to not need to grow their own food and instead take on work in factories that eventually would usually provide higher wages than they could make farming. The main goods produced and extracted in the First Industrial Revolution were textiles, metalworks like machine tools, and coal.

Second Industrial Revolution

The Second Industrial Revolution began in the late 19th century and lasted until the early 20th century. This time period witnessed a continuation of the economic and social changes that began during the First Industrial Revolution. During this time, the process of making steel was drastically improved, which allowed it to be mass produced in a more affordable way. Simultaneously, the increased amount of steel allowed for railroad lines to dramatically expand in the United States, Great Britain, and mainland Europe. Railroads helped facilitate trade on an unprecedented scale and improvements in factory production lines led to an increase in the type and amount of goods available for purchase.

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Additionally, individuals had greater opportunities to buy stock in large corporations—something that previously was exclusive to only the wealthiest. Corporations were able to expand their businesses and improve production using money from stock sales, while the greater access to investing continued the overall trend of increases in standards of living.

The Information Age

The Information Age, or Computer Age, began in the mid 20th century. While the First and Second Industrial Revolutions changed the manufacturing of goods, the Computer Age marked a shift in the world in how information was communicated between humans. Advancements in electronics spurred the development of faster and more powerful computers throughout the 20th century, which were generally used by the military and businesses to solve complex equations. Over time, computers became more and more the norm for businesses—and even some individuals—to have, especially as technological improvements made them smaller and more affordable. The invention of the internet marked a tremendous change in human society, as individuals had the ability to access the “web” of information it hosted. Companies quickly began to sell their products online, and today people are able to access a massive amount of information with the click of a button.

Economic Change Concluding Analysis

1. Based on what you just read, what circumstances made economic change possible?
2. What are the costs and benefits of the impacts of each period of economic progress?