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Commentary

Title:

*"The Debt the World Owes
to the United States"*

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The US economy has been the wonder of the world. From air conditioning and microwave ovens to the internet and the iPhone, American entrepreneurs have so transformed the world that without them the world's standard of living would be more than cut in half.

How did it happen that the US, with only four percent of the world's population, transformed the standard of living for everyone else? There is nothing inherently special about being an American, but there is much that is special about living in a country that guarantees its citizens the "freedom to try." The Declaration of Independence and the Constitution encourage Americans to "pursue happiness" and promises them, if they succeed, the government will not grab what they earn.

Before 1776, virtually every nation's government could legally block its entrepreneurs, or even confiscate their property. Think of it this way: if you know a king can take what you have created, what incentive do you have to create it? The answer to that question helps explain why economic progress in the world was so slow for so long. The US, however, gave legal protection so that its citizens could own property, invent something, market it, and profit from it. Therefore, many of the world's entrepreneurs found their way to America and then built what was in their hearts to create.

America's creative spirit especially surged forward in the forty years after the Civil War ended in 1865. This period of history, sometimes called the Gilded Age, witnessed perhaps the greatest flood of spectacular inventions in human history.

Let's start with four major American creations: the telephone, the typewriter, the adding machine, and the computer. All four inventions were somewhat interconnected, and they soon transformed business and the way the people of the world communicated. The computer, for example, was invented by Herman Hollerith, the son of German immigrants. In his first project, he adapted technology from the typewriter and the adding machine to rapidly organize billions of pieces of information to complete the US Census of 1890.

The greatest inventor of the Gilded Age, or maybe any age, was Thomas Edison. He harnessed electricity and lit up millions of homes; he also gave cheap electric power to the world. His later inventions of the phonograph and movie camera forever changed entertainment. His records and films have allowed creative artists to perform in front of billions of people.

Finally, Americans of the Gilded Age popularized two of the most phenomenal inventions in world history: the car and the airplane. In the case of the car, Henry Ford did not invent it, but his assembly lines did put cheap Model T cars in many millions of garages in the U.S. As for the airplane, in the late 1800s, it was merely a futuristic dream. As late as October 1903, the *New York Times* declared that no airplane would be invented for perhaps another one million years. Later that year, however, the Wright brothers successfully flew the first airplane.

Students of history, who explore the dramatic impact of these sensational inventions, are often startled to discover that neither the richest nor the best educated Americans were much involved. Henry Ford, for example, was an uneducated laborer who left the farm for Detroit at age 16. Orville and Wilbur Wright were bicycle mechanics who never went to college. Neither did Thomas Edison. These entrepreneurs were not men of means but men of ideas who had vision, who had perseverance, and who lived in a climate of liberty with incentives to experiment.

Limited government in the Gilded Age nudged entrepreneurs to take risks, and also allowed America to record budget surpluses each year for 28 straight years. In fact, America almost wiped out its entire national debt by the 1890s. With such financial stability, immigrants flooded America. During some years in the Gilded Age, more than one million immigrants came to America to enjoy its freedom and seek better lives.

With government out of welfare, what happened to poor people? Most US entrepreneurs were Christians who believed in using some of their wealth to help others less fortunate. Private charities flourished in America because people wanted people, not government, to help others.

Few entrepreneurs went to college, but many—such as Cornelius Vanderbilt and Ezra Cornell—started new colleges. Steel producer Andrew Carnegie helped build libraries in thousands of cities so that poor Americans could learn free of charge. What's more, churches tackled poverty, US citizens started the Red Cross, and others built and ran orphanages.

Some entrepreneurs during the Gilded Age eagerly helped minorities. For example, Alexander Graham Bell, inventor of the telephone, started Galludet College for the deaf. Oil Baron John D. Rockefeller, the first billionaire in US history, gave more than half of his wealth to charity—that included the Tuskegee Institute for black men. He also founded Spelman College for black women. Dozens of other white entrepreneurs started black colleges to help train teachers. Those teachers, black and white, became legendary, and because of them black adult literacy skyrocketed from 19 to 84 percent from 1870 to 1930.

After the Gilded Age, why would the 20th century become the “American Century?” Because the US had become the financial center and supreme military power in the world. And the prosperity of the whole world would increase dramatically because of that.