

## THE AMERICAN ECONOMY: 1790-1860

### I. Demographic changes

#### A. Population

1. By 1860, 13 original states had nearly tripled -- 33 states
2. Population was still doubling every 25 years
  - a. Natural birthrate accounted for most of population increase
  - b. Immigration was adding hundreds of thousands more
  - c. U.S. 4th most populous western country behind Russia, France, and Austria.
3. By 1860, 43 cities above 20,000; In 1790, only 2
  - i. Over rapid urbanization brought: slums, dim streets, inadequate policing, impure water, raw sewage, rats, improper garbage disposal.

#### B. Irish Immigrants

1. Ravaged potato crop in Ireland claimed 2 million lives in mid-1840s.
2. Became largest group of immigrants to U.S. between 1830 and the Civil War.
  - a. 2 million arrived between 1830 and 1860
  - b. Came to larger cities as they were too poor to move west & buy land & equipment.
    - i. Boston & particularly NY (became largest Irish city in the world)
    - ii. Within decades, more Irish in America than in Ireland.
3. Irish faced discrimination
  - i. they were Catholic
  - ii. often very poor
  - iii. Hated by native Protestants as wage-depressing competitors.
4. Irish, for similar reasons, fiercely resented blacks.
  - a. Race riots between black & Irish dockworkers flared up in several port cities.
  - b. Irish did not support the abolitionist cause.
5. Gradually improved their condition by acquiring modest amounts of property.
  - a. Education of children often cut short as families struggled to save for a home.
  - b. Property ownership counted among the Irish as a grand "success"
6. Became politically involved and soon began to gain control of powerful city machines.
  - a. For example, New York's Tammany Hall
  - b. Soon, dominated police departments in many big cities: "Paddy wagons"
  - c. Politicians who wanted to gain the Irish vote often criticized Britain, who the Irish fiercely hated.

#### C. Germans

1. Over 1.5 million came to America between 1830-1860.
2. Became largest group of immigrants by the 20th century.
  - i. Today as many as 25% of all Americans have German ancestry

3. Most were uprooted farmers, displaced by crop failures & by other hardships.
4. A few were liberal political refugees, saddened by the collapse of democratic revolutions in 1848; became known as "Forty-Eighters."
5. Most pushed out to the mid-west, notably Wisconsin where they est. model farms.
  - a. Formed an influential body of voters (like the Irish) who politicians wooed.
  - b. Germans less politically potent as their strength was more widely scattered.
6. Strong proponents of isolationism as they had fled from the European militarism and wars.
7. Better educated than frontier Americans and strongly supported public schools incl. Kindergarten (children's garden).
8. Became relentless foes of slavery prior to the Civil War.
9. Perceived with suspicion by old-stock American neighbors as they sought to preserve their language and culture
  - i. Sometimes settled in "compact" colonies to remain separate from other towns.
10. Introduced beer which they drank in huge quantities; often during the Sabbath.
  - i. Old World drinking habits gave a severe setback to the temperance movement.

## II. Antiforeignism ("nativism")

- A. Irish and German immigration inflamed the hatred of American "nativists."
  1. Feared immigrants would outbreed, outvote, and overwhelm Protestant natives.
  2. Irish and large minority of Germans were Catholic; seen as from "foreign" church.
  3. Catholics began to construct an entirely separate Catholic educational system.
  4. By 1850, Catholics became the largest religious group in America, outnumbering the Baptists, Methodists, Presbyterians, and Congregationalists.
- B. In 1849, extreme American nativists formed the "Know-Nothing" party
  1. Advocated rigid restrictions on immigration and naturalization and for laws authorizing the deportation of alien paupers.
  2. Tended to join the Whig party
- C. Episodes of mass violence occurred in some larger cities.

## III. Birth of America's Industrial Revolution

- A. Economic Inventions
  1. Samuel Slater "Father of the Factory System" -- 1791, built first efficient cotton-spinning machine in America.
  2. Eli Whitney's cotton gin (1793) -- In ten days, constructed a machine 50 times more effective than picking cotton by hand.
    - a. Prior, handpicking one lb. from 3 lbs. of cotton took one slave an entire day.
    - b. Rivals infringed on his patent; he made relatively small profits.
  3. Impact of the cotton gin (changed America and the world)

- a. Overnight, raising cotton became highly profitable
  - b. South became tied to the throne of King Cotton.
  - c. Slavery, which had been dying out, saw a dramatic increase.
  - d. Westward expansion into Alabama & Mississippi due to demand for more land.
  - e. Stimulated American Industrial Revolution by supplying cotton to New England textile mills (prior, most U.S. cotton went to English textile factories).
4. 1798, Eli Whitney mass produced muskets for the U.S. Army.
    - a. Introduced principle of interchangeable parts; widely adopted in 1850's
    - b. Became basis of modern mass-production, assembly line methods.
  5. Sewing Machine
    - a. Elias Howe invented one in 1846
    - b. Isaac Singer more successful in improving and promoting the machine.
      - i. New stitching device adapted before Civil War for mass production of boots & shoes.
    - c. Significance: Manufacturing of clothing went from the home to the factory.
  6. Charles Goodyear's process of vulcanizing rubber was put to 500 different uses and became the basis for a new industry.
  7. Invention of the telegraph -- Samuel F. B. Morse
    - a. 1844, Morse strung a wire 40 miles from Washington to Baltimore and clicked the historic message: "What hath God wrought?"
    - b. Gov't declined to control the telegraph since it felt it would not pay.
    - c. Yet, invention significant by providing instant communication from great distances.
      - i. Greatly advanced business in following decades
  8. Decade ending in 1860 saw 28,000 patents compared to 306 in decade ending in 1800.
- B. The Textile Industry began the Industrial Revolution in the U.S.
1. 1814, Francis Cabot Lowell built first dual-purpose textile plant at Waltham, Mass.
    - a. Early factories merely spun the fiber into cotton thread; weaving was done by hand at home or by contact weavers.
    - b. Lowell's 3-story brick factory was located on the banks of the Charles River.
    - c. His factory spun the fiber and wove the finished cloth under the same roof.
      - i. Also included, bleaching, dying, and printing cloth.
      - ii. Significance: Change from manufacturing at home to manufacturing in factories.
    - d. Local farmers' daughters hired to work in the factories
    - e. More independence for young women.
    - f. Lowell promised strict moral supervision and mandatory church attendance.

- g. In 1823, Lowell's partners built a new plant on the Merrimack River—Lowell, Mass.
  - i. Textile factories sprang up all over New Eng. and mid-Atl. states in 1830's and 40's.
  - 2. Waterpower and steam power gradually replaced female labor.
  - 3. Immigrant labor also supplanted female labor (Germans and poor Irish)
- C. Why did New England become center of the Industrial Revolution?
  - 1. Stony soil discouraged farming and made manufacturing more attractive.
  - 2. Relatively dense population provided labor
  - 3. Shipping brought in capital while seaports made easy imports and exports.
  - 4. Rapid rivers provided abundant waterpower.
- D. Why didn't the South industrialize?
  - 1. Capital resources tied up in slaves.
  - 2. Local consumers mostly poor, could not afford most finished products
- E. By 1850, industrial output outdistanced agricultural output
  - 1. Embargo Act of 1807, non-intercourse, and War of 1812 meant Americans had to produce their own goods.
  - 2. European goods again flooded the U.S. market after Treaty of Ghent in 1815.
    - i. U.S. mills devastated by British goods at ruinously low prices.
  - 3. Tariffs of 1816, 1828, and 1832 provided some relief to northern manufacturers.

#### IV. The Business World

- A. Principle of limited liability
  - 1. Permitted individual investors, in cases of legal claims or bankruptcy, to risk no more than their own share of the corporation's stock.
  - 2. Other personal assets protected.
  - 3. Result: More people willing to risk capital = capital accumulated more rapidly
- B. Boston Associates -- formed one of the earliest and most powerful joint-stock ventures.
  - i. Came to dominate textile, railroad, insurance, and banking businesses in all of Mass.
- C. Charles River Bridge decision (Charles River Bridge v. Warren Bridge)
  - 1. Chief Justice Roger B. Taney: The Constitution reserved to the states "power over their own internal police and improvement, which is so necessary to their well-being and prosperity."
  - 2. Significance: Encouraged economic development in transportation and other public facilities by ending monopolies.
- D. General Incorporation Law: Passed in NY in 1848.
  - 1. Businesspeople no longer needed to apply for charters from the legislature
  - 2. Could simply create a corporation if they complied with the terms of the law.
  - 3. "Free incorporation" statutes widely adopted in other states; (very Jacksonian)

#### V. Northern "Wage Slaves"

- A. Industrial Revolution transformed manufacturing working conditions.
  - 1. Craftspeople working with apprentices were preempted by factory work.
  - 2. Working conditions bad: long hours, low wages, few breaks, poor ventilation, lighting, and heating.
  - 3. Workers forbidden by law to form unions
  - 4. only 24 recorded strikes before 1835.
- B. Women and Children typically toiled 6 days a week while earning a pittance.
  - 1. Prime example were the Lowell farm girls who were supervised on and off the job.
  - 2. 1820, 1/2 the nation's industrial workers were under the age of 10
  - 3. many suffered devastating affects from abuse.
- C. Gains for workers
  - 1. During the "Age of Jackson," many states granted the laboring man voting rights.
    - a. Through workingmen's parties, these laborers sought a 10-hour workday, higher wages, tolerable working conditions, public ed. for kids, and end to the practice of imprisonment for debt.
    - b. 1840, President Van Buren est. 10-hr. work day for federal employees on public works.
      - i. Subsequently, a number of states followed suit by reducing work hours.
      - ii. Increased number of strikes in 1830s & 1840s (but most failed due to importation of "scabs", often fresh off the boat from Europe)
  - 2. Commonwealth v. Hunt (1842):
    - a. Labor unions were not illegal conspiracies, provided that their methods were "honorable and peaceful."
    - b. More symbolic than immediately significant.

## VI. Western Farmers

- A. Trans-Allegheny region-- esp. the Ohio-Indiana-Illinois territory -- was becoming the nation's breadbasket and would later become a breadbasket to the world.
  - 1. Most produce floated down the Mississippi to feed booming Cotton Kingdom.
  - 2. Corn also used to make liquor and pig feed: both practical and profitable.
- B. Inventions
  - 1. John Deere invented steel plow that broke the thickly matted soil of the West.
  - 2. Cyrus McCormick (1830s) introduced the mechanical mower-reaper.
    - a. Could do the work of five men
    - b. Became most significant technology on the frontier.
- C. Farming changed from subsistence to large-scale, specialized, cash-crop agriculture
  - 1. Debt ensued as farmers bought more land and more machinery to work it.
  - 2. Began producing more than their markets could consume (esp. increasingly self-sufficient South)
  - 3. Began looking for new markets further away but were still largely landlocked.

## VII. Transportation Revolution

- A. Prime motive: Desire of East to tap the West
- B. Significance:
  - 1. Created a national market economy.
  - 2. Created regional specialization:
    - a. West = breadbasket
    - b. East = industry
    - c. South = cash crops.
- C. Prevailing transportation conditions prior to the transportation revolution were very poor
  - 1. Roads not useful for much of the year: dusty in summer; muddy during rainy season
    - i. Cost more to haul ton of goods 9 miles inland from ocean than from Europe.
  - 2. Rivers ran mostly north and south
  - 3. east-west travel often impossible for freight. -- Dry season reduced navigable rivers to trickling streams.
- D. Turnpikes
  - 1. First turnpike -- 1790, Lancaster Turnpike in PA built by private co.; highly profitable
    - a. Broad, hard-surfaced highway connected Philadelphia to Lancaster 62 miles west.
      - i. Traversed the Allegheny Mountains leading into W. Pennsylvania
    - b. Tolls were collected; drivers confronted with barrier of sharp pikes until toll paid.
    - c. Significance: Touched off a turnpike-building boom.
      - i. By 1832, U.S. had nearly 2,400 miles of road connecting most major cities.
  - 2. Opposition
    - a. States' righters opposed federal aid to local projects.
    - b. Eastern states protested against exodus of their population westward.
  - 3. 1811, beginning of Cumberland Road (National road) -- passed by Congress in 1806
    - a. From Cumberland in w. Maryland, to Vandalia in Illinois -- 591 mi. by 1852.
    - b. Aided by both state and federal funds.
    - c. Became vital highway to the west.
      - i. Freight carrying became cheaper
      - ii. European immigrants flowed over the mountains.
      - iii. Land values enhanced
      - iv. Swelled population centers in the West
  - 4. Conestogas a major mode of transportation
    - a. 20 ft. long, four ft. deep, uncomfortable but durable.
    - b. Served as a wagon on roads, sled on mud, and a boat on streams & rivers.
    - c. One traveler in NY counted 500 wagons a day rolling west in 1797.
- E. Canals
  - 1. Erie Canal (completed in 1825)

- a. NY's dug 363 mi. Erie canal linking Great Lakes with Hudson Riv. (40ft.x4ft)
  - i. States' righters prevented federal aid; NY paid the entire cost
  - ii. Project supported by NY Gov. DeWitt Clinton,
- b. Cost of shipping ton of grain from Buffalo to NYC fell from \$100 to \$5
- c. Time fell from 20 days to 6
- d. Land value skyrocketed and new cities emerged (incl. Rochester, Syracuse)
  - i. New York became the fastest growing and wealthiest city on Atlantic coast.
- e. Old Northwest now provided profitable farming opportunities and 1000s of European immigrants flowed across the Alleghenies to the West.
- f. Great Lakes towns exploded incl. Cleveland, Detroit and Chicago.
- g. New England farmers impacted by ruinous competition from the West
- h. Other canals soon built connecting the Great Lakes with major rivers & cities

#### F. Rivers

- 1. Initially, nearly all river travel was done by mostly flatboats down the Ohio & Miss. Rivers
  - a. exception -- keelboats pushed upstream with poles; less than 1 mi./hr.; costly
  - b. Cheapest mode of travel to transport western crops to export markets in other areas.
  - c. Problem: Rivers dried up in certain areas during hot season.
- 2. 1807, Robert Fulton installed a powerful steam engine on the Clermont.
  - a. Left NYC and churned 500 miles up the Hudson River to Albany in 32 hours.
  - b. Significance:
    - i. Changed all of America's navigable streams into 2-way arteries.
    - ii. Carrying capacity of rivers doubled.
    - iii. 1820 - 60 steamboats on Miss.
    - iv. 1860 - about 1,000
    - v. Population clustered along banks of rivers
    - vi. Profitability of manufactured products soared.

#### G. Railroads

- 1. Most significant contribution to transportation of distances.
  - a. Fast, reliable, cheaper than canals to construct, and not frozen in winter.
  - b. Able to go almost anywhere: defied terrain and weather.
- 2. First important line begun by the Baltimore and Ohio Co. (B&O Railroad) in 1828.
- 3. By 1860, U.S. had 30,000 of railroad track laid; 3/4 in industrialized North.

4. Railroads opposed by canal backers, turnpike investors, tavern keepers, and horse-and-hay-selling farmers. All were adversely affected by railroads.
  5. Eventually, gauges became standardized, safety devices adopted, solid iron rails laid
  6. Horse-drawn railroads also used for mass-transit in major cities.
- H. By the Civil War, a national market economy emerged.
1. Revolutionary changes in commerce and communication came 3 decades before the Civil War as tracks and canals sprung out from the East across the Alleghenies.
  2. Buffalo came to handle more western produce than New Orleans
  3. New York City became the America's largest port

## VIII. Regional Specialization

- A. East:
1. Industrial
  2. made machines and textiles for other two regions
    - a. By 1861, owned 81% of U.S. industrial capacity.
    - b. Most populous region; 70% of manufacturing workers
- B. South:
1. Cotton for export to New England and Britain
  2. slavery
  3. Did not want to change economy or its culture: chivalry, genteel landed gentry, etc.
  4. Industrial growth surprisingly high for its day although industrial output never exceeded 2% of the value of the cotton crop.
- C. West:
1. Became nation's breadbasket: Grain and livestock sent to workers in East & Europe
  2. Fastest growing population: By 1860, 1/2 of pop. lived in states and territories not in existence during Washington's administration.
- D. Political implications
1. Two northerly sections (East and West) were closely interconnected economically
  2. During Civil War, South would be isolated.

## IX. Social Results of Industrialization

- A. Division of labor ensued as work became more specialized and work at home less significant.
1. Women's work no longer seen as valuable.
  2. The home was no longer center of economic production; grew into a refuge from the world of work that became the special and separate sphere of women.
- B. Growth of cities
1. 1790 -- 5% of population lived in cities of 2,500 or more
  2. 1860 -- 25% of population lived in cities of 2,500 or more
  3. Rapid urbanization created an array of problems
- C. Increased social stratification: Rich vs. Poor
1. Cities bred greatest extremes of economic inequality
  2. unskilled workers were worst off.
    - i. Accounted at times for 1/2 of cities' population



3. Yet, America provided more opportunity than Europe did for most its people.
  - a. Wages for unskilled workers rose about 1%/yr from 1820 to 1860.
  - b. General prosperity helped defuse potential class conflict (as in Europe)

D. Immigration

1. Accounted for largest % of population increase
2. Germans fared best since they brought more money and skills
3. Catholic southern Irish suffered much discrimination.
  - i. Persistent labor shortage prevented natives from totally excluding foreign elements.

X. Foreign commerce

- A. Foreign commerce about 7% of national product.
  1. Cotton accounted for over 50% of all U.S. exports
  2. After 1846, U.S. agriculture played a larger role in trade with Britain.
  3. Americans generally imported more than they exported.
    - i. Imported manufactured goods while exporting agricultural goods.
- B. 1858, Cyrus Field succeeded in stretching a cable between Newfoundland & Ireland.
  1. Cable snapped in 1858 but a new one built successfully in 1866.
- C. Clipper
  1. Huge sails atop sleek new ships created the fastest ships in the world.
  2. High-value cargoes were hauled in record time.
  3. Soon overshadowed by new British steamers

XI. Pony Express

- A. est. in 1860 to carry mail speedily the 2,000 miles from St. Joseph, MO, to Sacramento, CA.
- B. Lightweight riders riding in between stations spaced approx. 10 miles apart could make the trip in 10 days.
- C. Pony Express missed only one trip although the enterprise lasted only 18 months.
- D. Morse code in 1861 obviated the need for the Pony Express.