CONFLICTING VISIONS: THE AMERICAN CIVIL WAR AS A REVOLUTIONARY EVENT

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ABSTRACT

There has been a renewed interest on the part of economic, political and social historians in the significance of economic factors in causing the Civil War. This research has emphasized the ways in which the emergence of a "market revolution" in the North exacerbated political and economic differences between the Free and Slave states. Our argument focuses on how a particular aspect of the growth of a market society – what we term the "life-cycle transition" – transformed the way in which people in the North viewed their economic "strategies". This new economic vision produced a political economy that was increasingly at odds with the economic vision of a slave South. The paper addresses six key areas of policy where these "conflicting visions" produced tensions: land policy, internal improvements, banking, education, immigration, and tariffs. We conclude by showing how the cumulative effect of these tensions reinforced the South's commitment to a philosophy of states' rights that ultimately led them to seek dissolution of the American Union.

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> Had the economic systems of the North and the South remained static or changed slowly without effecting immense dislocations in the social structure, the balance of power might have been maintained indefinitely by repeating the compensatory tactics of 1787, 1820, 1833, and 1850; keeping in this manner the inherent antagonisms within the bounds of diplomacy. But nothing was stable in the economy of the United States or in the moral sentiments associated with its diversities.
>
> Charles and Mary Beard (1927, Vol. 2, p. 3)

I. INTRODUCTION

Forty years ago there was a firm consensus among historians that the Civil War was a conflict between two very different economic and social systems: the slave system of the South and the market industrial society of the North. There was an equally strong consensus that, as Charles and Mary Beard claimed, the war produced a "Second American Revolution" that transformed American society and paved the way for the industrial growth of the last quarter of the nineteenth century.[1] Current historiography on the Civil War has moved away from this strong emphasis on economic forces as the primary determinant in bringing on the conflict between North and South. Arguments that the war was the result of economic systems inexorably in collision with each other have been replaced either by models of sectional conflict based on ideological, cultural, or socio-political differences or with historical analyses that stress the similarities rather than the differences between the two regions, and suggest that the War could have been avoided. Addressing the American Historical Association in December 1979, Edward Pessen argued that:

> For all their distinctiveness, the Old South and North were complementary elements in an American society that was everywhere primarily rural, capitalistic, materialistic, and socially stratified, racially, ethnically and religiously heterogeneous, and stridently chauvinistic and expansionist (Pessen, 1980, p. 1149).

While conceding that the system of slavery in the South represented a major dissimilarity in the economic systems of the two regions, Pessen argued that the economies of the two regions:

> . . . were similar in significant ways that are often taken for granted, as for example, in the similar operation of the profit motive or the similarity in the laws of inheritance in the two sections. And even where, as in industrial production and labor systems, the South and North differed most glaringly, modern evidence has reduced and placed in a somewhat different perspective the gulf between them (1980, p. 1127).

In this view, the Civil War, far from being an "irrepressible conflict" that eventually produced a "revolution", was a costly tragedy that could have been averted with better leadership.[2]

Ironically, it was research by "cliometricians" – historians trained in economics – that provided the most telling evidence to argue that the war was *not* responsible for the economic growth after 1865.[3] Beginning in the 1960s, a growing body of quantitative research based on estimates of output before 1860 had clearly revealed that the pattern of economic growth after the Civil War was hardly the result of "revolutionary" changes. Indeed, far from accelerating industrial growth, Robert Gallman's data on commodity output and GNP after 1840 suggested that the 1860s were the *slowest* decade of economic growth in the 19th century.[4] By the end of the 1960s, the idea of the Civil War as a "revolution" no longer held the universal acceptance it had enjoyed only a decade earlier.[5]

The debunking of earlier economic explanations left economic historians without a clear-cut interpretation of how to view the role of *economic* forces in the most salient event in Nineteenth Century American history. There has been some effort to re-insert economic factors into the historical accounts of the coming of the war. Gavin Wright (1978), Roger Ransom (1989) and Robert Fogel (1989, 1992) have produced studies showing that the political economy of slavery presented formidable – indeed perhaps insurmountable – obstacles to the preservation of the American Union by the middle of the nineteenth century. Jeffrey Hummel (1996) emphasizes the importance of the disputes over slavery, while claiming that the war was an unnecessary bloodbath in light of the probable demise of slavery in the United States. James Huston argues that "Southern secession grew out of the irreconcilability of two regimes of property rights: one in the South that recognized property in humans; one in the North that did not" (1999, p. 251). There has also been a revived interest by economic historians in the ways that economic fluctuations in the American economy exacerbated sectional tensions. Robert Fogel (1992) argues that a "hidden depression" in 1854–55 played a pivotal role in the realignment of political parties in the North; while James Huston (1987) presents an intriguing argument that the Panic of 1857 also had significant economic and political repercussions at a time of crisis. Barry Weingast (1995, 1998) employs game theory to argue the rapid spurt of economic growth in the North during the 1850s undermined the political stability of the American Union by permanently disrupting the sectional political balance of slave and non-slave power in the national government. Political historians have shown an increased interest in economic factors and the coming of the war. In a study of Northern party alignments in the period 1840–1860, Marc Egnal asserts that "despite decades of criticism, the Beards remain more right than most of their critics (2001, p. 31). In his recent volume on the rise and fall of the Whig Party, Michael Holt (1999) stresses the importance of economic issues and fluctuations to the political debates throughout the antebellum period. Bruce Levine (1992) examines the economic interest of immigrants in the western states and shows that concerns for "free land" and a growing antipathy towards the "Slave Power" that was a major factor in the success of Republicans in that region.

This on-going interest in the economics of the Civil War has produced much valuable research and it seems to us that the time is ripe to undertake a broad re-examination of economic change and the coming of the Civil War Era. In part this feeling is prompted by a sense that the research mentioned above has still not been integrated into the historiography of the Civil War. Second, we think that the approaches advocated by a broad spectrum of historians about the cultural and political factors leading to the war are not incompatible with the analysis of antebellum growth and change offered by economic historians. Finally, we think that the cliometric attack against those who argue that the war was "revolutionary" is flawed because it poses the wrong counterfactual argument about the war as a revolution. Their assumption is that all this would have happened had the war not taken place. However, this is a point the Beards readily concede; indeed, they argue that it was precisely the nature and rate of economic change in the Northern states – what has come to be called the *Market Revolution* – that made it increasingly difficult to arbitrate the disputes over sectional differences and *caused* the Civil War.[6]

The election of Abraham Lincoln in the fall of 1860 produced a crisis that could not be resolved. Lincoln – a moderate on the slave issue – went out of his way to assure his countrymen in the South that his administration posed no threat to the institution of slavery. Yet his words fell on deaf ears. Why did Southerners ignore his conciliatory rhetoric and provoke a crisis? Research by Marc Egnal (1996, 2001), James McPherson (1983, 1988), Richard Bensel (1990) and others suggests that the act of Southern secession was prompted by more than just a fear that Northern politicians threatened the institution of slavery. It was, in fact, the beginning of a "counter-revolution" against the changes in Northern Society. "Thus," argues McPherson,

> when secessionists protested in 1861 that they were acting to preserve traditional rights and values they were correct. They fought to preserve their constitutional liberties against the perceived Northern threat to overthrow them. The South's concept of republicanism had not changed in three-quarters of a century; the North's had .... The ascension to power of the Republican Party, with its ideology of competitive, egalitarian, free-labor capitalism, was a signal to the South that the Northern majority had turned irrevocably towards this frightening, revolutionary future (1983, p. 243).

Neither McPherson nor Bensel couched their argument in the language of economic determinism employed by the Beards or Hacker. Yet many of the changes in values and attitudes on which they base their analysis can be associated with the growing industrialization and commercialization of Northern life, and the basis of conflict they identify stems from the different directions that the two economic systems are moving. These changes were not restricted to the Atlantic Seaboard; as Marc Egnal notes:

> The third party system of Republicans and Democrats rested on a foundation dramatically different from that of the second party system. The Parties emerging in the 1850s reflected the reorientation of the North around the Great Lakes economy. From western New York to Wisconsin, new commercial patterns reoriented the trade and political views of farmers and shippers (2001, p. 39).

In this paper we put forward a cliometric framework of economic change that we believe can serve as a basis for integrating not only views of scholars such as Egnal, McPherson and Bensel, but also the long-standing work of historians such as Eric Foner (1980, 1970, 1975), Carl Degler (1977) and Kenneth Stampp (1980, 1990), on the coming of the Civil War with the large body of cliometric work on the antebellum South. Our plan is as follows: First we sketch an economic model of American economic growth and development between the Constitution and the Civil War that reflects work of economic historians. For obvious reasons we place particular emphasis on the inter-regional aspects of this model and the special role played by the institution of African American slavery. Next, we draw out several important dynamic implications of this model that form the basis for an explanation of sectional conflict that we call "conflicting visions." Third, we examine the implications of our explanation for the origins of mutual antipathy between the North and the South. This is a familiar story; but it is also one that we hope can highlight the way in which economic forces exacerbated the tensions that ultimately led to the bloodiest war in American history, and why that war was an essential element in the market revolution of mid-nineteenth America.

II. REGIONAL ECONOMIC GROWTH BEFORE THE CIVIL WAR

In his book, *Economic Growth of the United States, 1790 to 1860,* Douglass North begins with the proposition that United States at the beginning of the nineteenth century was comprised of three distinct economic regions: the *North* which included the New England and Atlantic Seaboard states; the *South* comprising the slave states; and the *West* by which he meant the trans-appalachian West north of the Ohio River.[7] Over the course of the first half of the nineteenth century, improvements in transportation and communication linked these three regions together into a common economic market. The economic linkages that North emphasized produced powerful market forces that encouraged each region to develop its own distinctive economic specialties. The South, which had used its slave labor to produce staple crops such as tobacco and rice since early in the colonial period, expanded production of those crops and, with the aid of Eli Whitney's cotton gin and the availability of western land, became the principal supplier of cotton to the rapidly-expanding textile industries of Great Britain and the northern United States. The North became the financial and commercial center of the nation. With the labor supplied by those leaving the farm sector of New England as well as the influx of immigrants from Europe, New England developed a manufacturing sector that supplied textiles, shoes and boots, and iron products to a growing market throughout the United States. Farmers continued to settle new lands in the Old Northwest and they specialized in products such as grains and flour, pork, beef, dairy products, lumber, whiskey and animal hides.

North's model of the American economy was like a three-legged stool: each region was dependent upon the other two, and all three were required to support the expanding national economy. Equally important as the economic interdependence that resulted from an expansion of economic activity were the social and economic differences that developed between the three regions. The inter-regional trade model is a convenient framework to begin an economic interpretation of the growing sectional conflict that ultimately erupted into Civil War. While external demand stimulated specialized production for export outside the region, it is important to realize that the dynamics of growth within each region differed markedly. In the northern and western states the external stimulus for growth initially came from the North's role in servicing the cotton trade and sending cheap manufactures to the South. When transportation costs across the Appalachian barrier plummeted, inter-regional trade between the Northeast and West rapidly expanded.[8]

The expansion of this market economy has been well documented.[9] Our interest focuses on how the process of change caused families to reassess their economic situation over the course of their lifetime. Easy access to a vast supply of inexpensive land, together with the development of an urban industrial sector that offered jobs for both immigrants and younger members of agricultural families exerted a strain on the family relationship of parents and their children. Young people were attracted either to the cheap lands of the west or to the higher-paying jobs of the cities. As a consequence, parents were confronted with a situation that several economic historians have termed "child default." Lured by the prospect of economic opportunities elsewhere, children increasingly "defaulted" on the traditional responsibility of remaining with parents and supporting them in old age.[10] The threat of child default was part of a larger change in economic behavior of families in what we have characterized as "life-cycle behavior". Rather than following the traditional strategy of relying on family labor for their old-age economic security, parents in the free states of the North found that the accumulation of financial assets was a less risky means of assuring their economic security.[11]

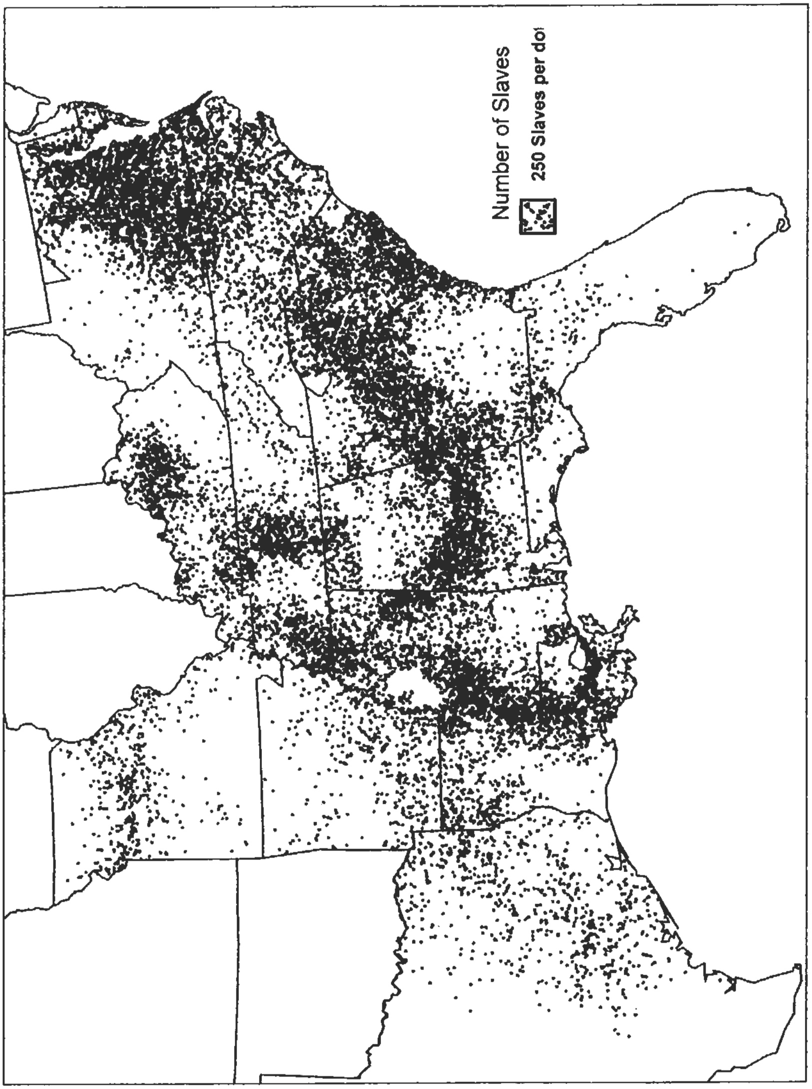
One result of this change in strategies for old-age economic security was a greatly increased flow of private saving into the developing financial markets of the North. This new form of economic behavior involved much more than simply an adjustment in savings habits. It meant replacing a traditional view of the family with a philosophy that placed the individual over the family, abhorred dependency, and viewed children with empathy rather than altruism. Thus, for example, parents following a life-cycle strategy would give children greater freedom and they would gain a measure of individual freedom themselves. At the heart of this new "strategy" was an entirely new concept of family arrangements that involved less reliance on children to provide economic security over the life course and a greater reliance on asset accumulation to forestall the threat of poverty in old age. The emergence of a life-cycle strategy to deal with economic uncertainty was an important component of a broad economic philosophy in the Northern and Western states that produced a new breed of acquisitive individualists who relied less on traditional family arrangements and looked more to market-oriented arrangements to provide for their economic security. This transformation was a cornerstone of the changing institutional arrangements that propelled economic expansion in the North and West.

Economic growth in the South, by contrast, produced relatively little pressure for economic or social *change*. The expansion of production was based on the settlement of more fertile lands to the west and a booming export market for cotton. Data on agricultural output and productivity in the antebellum South clearly show that the major source of economic growth in the southern economy was a constant shift of resources from land with declining productivity in the east to higher-productivity land in the Southwest. The overall effect of this interregional migration was, indeed, to increase aggregate production per capita in the antebellum South as a whole. But such gains must, by their very nature, make only a transitory contribution to economic development. At some point, the falling incomes in areas of out-migration will overcome the gains from interregional mobility.[12] For meaningful economic development to take place there must be growth *within* the various sub regions of the South. That sort of growth and development – which was clearly evident in the North and the West – was absent in the Southeast. Each new generation of settlers into the Southwest recreated the economy they had left behind on the

Eastern seaboard, and each successive generation looked to the west for new land.

At first glance it might be argued that the flow of migrants spilling over the Appalachians south of the Ohio River mirrored those to the north. Drawn by high returns from agriculture, they cleared land and set up farms in Kentucky, Tennessee, Georgia, Alabama and Mississippi. But there was an important difference: those south of the Ohio brought with them the labor of black slaves. Map 1 shows how the institution of slavery had spread to the western areas of the United States by 1860. At the time of the nation's founding the slave population was concentrated east of the Appalachians in Maryland, Virginia, North Carolina, South Carolina, and the coastal regions of Georgia. In the period after the Revolution, the map shows that slaveowners settled in three major areas of the west. First were the settlements stretching along the southern bank of the Ohio River and down into central Tennessee; second was settlement of the Mississippi River Valley; and finally we see a wide path through the center of Georgia, Alabama and Mississippi that became known as the "Black Belt". The map also shows that there were far fewer slaves in the hill counties of Appalachia, which extended from western Virginia through the hills of northern Georgia and Alabama, and hilly counties of northern Arkansas and southern Missouri west of the Mississippi. For all their cultural similarities, the slave and non-slave regions of the South had very different economic characteristics. The "slave South" was a world dominated by the presence of large plantations specializing in staple crops. The rest of the South was characterized by family farms which were far less specialized, relied on family rather than slave labor, and for the most part operated on the fringe of the market economy. As we shall see these families did not experience the pressures for rapid change that were so evident throughout the North.

Slavery had an important effect on the demographic and economic behavior of the South. Slave capital lessened the dependence on family labor and dampened the impact of child default that played such a significant role in the transformation of the northeast. Slaveholders were "capitalists" without physical capital. Slave capital represented 44% of all wealth in the major cotton-growing states of the south in 1859, real estate (land and buildings) was more than 25%, while physical capital amounted to less than 10% of the total. Manufacturing capital amounted to only 1% of the total wealth accumulated.[13] The relative absence of physical capital in the South can be explained by the presence of slavery. In a capitalist society private entrepreneurs are induced to invest in and hold capital assets by the flow of returns they hope to receive. In the American South slaves were an alternative to physical capital that could satiate the demand for holding wealth. The increase in slave capital produced



Map 1. The Distribution of the Slave Population.

by a growth of the slave population crowded physical capital out of the portfolios of southern capitalists. By providing a different form of economic security, slavery stifled the emergence of life-cycle savings that characterized northern farms and cities.

Some contemporary observers argued at the time that purchases of slaves, as they put it, "absorbed capital." Simply put, the contention was that slaveowners invested their savings in slaves and therefore did not have the money available for other forms of investment. This argument is incorrect; it is not the capitalization of the labor force itself, but the *increase in the value of assets* caused by a *growth* of the slave population that stifles investment. The slave population of the United States continued to grow at a rate of 2.4% per year throughout the antebellum period due to natural increase. Unlike most other forms of capital, which depreciate with time, the stock of slaves appreciated. This growth of the slave population would depress the rate of saving (as conventionally defined) because a growth in the number of slaves would create an increase in the owner's wealth that would attenuate the need to save from current income. In effect, the increase in the value of slaves displaced an increment of physical capital formation and thereby reduced the rate of growth of the physical capital stock within the region.[14] The result was a scarcity of funds for investment, and an increased cost of capital for those seeking to establish manufacturing in the South.

The order of magnitude of this burden from slavery was not negligible. We do not have data on the flow of savings of southern slaveholders. However, based on our estimates of the annual increase in the slave stock together with estimates of total wealth formation for the United States it appears that investment in the growth of slaves absorbed between five and 8% of the total additions to the national stock of wealth (Ransom & Sutch 1988, p. 145, Table 1). The impact on the South's manufacturing sector must have been considerably greater.

Our analysis of the dynamics behind this "absorption" of savings not only provides insights into a possible way in which the presence of slave assets affected non-agricultural development. It also suggests a reason why the westward migration into the southwest did not produce the pressures for changes in the family structure of the South. While the departure of young adults leaving farms in the Northeast had a profound effect on those who stayed behind as well as those who migrated out of the region, this was not the case for western migration south of the Ohio River. With slave labor, planters in the Southeast were able to offset any pressures from departing family labor. Moreover, "producing" slaves for sale could offset the declining income from cotton due to lower yields from depleted land. Consequently, the agricultural system of the Southeast remained relatively unchanged throughout the antebellum period. Southerners – both in the East and the newly settled lands of the West – continued to rely on the traditional family structure to deal with the problem of economic security.

An important implication of this failure to change can be found in an examination of the relative income growth of the slave South. The regional aggregate income estimates suggest that per capita income in the South was increasing at a rate comparable to the rest of the United States.[15] As a consequence, the average income of free southerners remained roughly equal to the average income of those living in the northern states throughout this period of rapid manufacturing development in the north. The principal staple crop of the plantation system was cotton and an expanding world market for cotton textiles permitted the growth of southern incomes to take place without major structural changes in the economic system or the development of a southern manufacturing industry.

As we have already noted, the growth of inter-regional trade created ties that made the North, West, and South mutually dependent upon each other. Yet, over time there developed a distinct asymmetry in the relationships among the specific regions. By the end of 1840s, the North and the West had become tightly linked by an extensive transportation network of canals and railroads. Consequently, the economic interaction between the Northeast and the Old Northwest not only took the form of goods, services, and capital, but also substantial flows of people – including the growing flood of immigrants coming to the New World. The South, by contrast, remained relatively isolated from these flows. The Ohio River formed a natural barrier between slave and non-slave territory. The westward movement of people south of the Ohio River was a migration of native Southerners remaining in the slave territories. Dependent primarily on natural waterways for the connections with the North and West, the South lacked extensive transportation links *within the region.* Southern railways paralleled the routes of the waterways to the sea (and thus the markets of Europe and the North) rather than routes linking commercial centers within the southern states themselves. Thus, despite the extensive economic ties created by regional specialization, the flow of goods from North to South became relatively less important than the traffic across the Appalachians. The Southern cotton economy, though still an important part of the National Economy in the mid 1840s, no longer dominated the inter-regional trade flows as it once had. One evidence of the diminished importance of the Southern trade to the North and West is the speed with which the South recovered from the depression of 1839–43. Throughout the 1850s, economic conditions in the North were far less stable than in the South, where a boom in the cotton market lasted right up to the outbreak of war.[16]

III. THE LIFE-CYCLE TRANSITION AND SECTIONAL DIFFERENCES

The North model of inter-regional trade points to a number of important areas where the economic interests of the free states of the North and West might diverge substantially from those of the slave South. These differences in economic development were reflected in the disputes over political issues at both the state and national level throughout the antebellum period. Historians and economic historians have explored the political debates on issues such as land policy, banking, tariffs, and education in considerable detail. Our point in this paper is not to question the validity of that work. Rather, we wish to expand this research and argue that if one takes a broad view of *all* of the issues it becomes apparent that the debates in political economy had strong underlying themes that reflected fundamental differences in the vision of people in the two regions. By the early 1840s, a revolution in family values was well underway in the North and West. In the South, by contrast, traditional family values remained virtually unchanged since before the formation of the Union. Our argument is that this revolution in family values, which we term the *life cycle transition*, involved changes in family outlook that formed the foundation of the ideological battle between slave and free states.

What evidence can we offer to support our claim that these changes in economic behavior were, in fact, significant by the late antebellum period? We have already suggested two ways in which these changes might manifest themselves.

First is the marked decline in fertility in the United States before the Civil War. The traditional model of dealing with old age insecurity was to rely on transfers from children when the parents were old. Such an arrangement would encourage large families. If, as we suggest, there was a move away from this traditional strategy towards a life-cycle strategy, we would expect falling levels of fertility in areas experiencing a life-cycle transition. Figure 1 charts an index of fertility developed by Yasukichi Yasuba between 1840 and 1860.[17] A significant decline in fertility is evident in every state. Two other gradients evident in the figure are the tendency for families in the west to have significantly higher fertility than those in the east; and the tendency for slave states to have higher levels of fertility than non-slave states.

While these observations on fertility are consistent with our model of a life-cycle transition, a somewhat more complex picture of the fertility transition

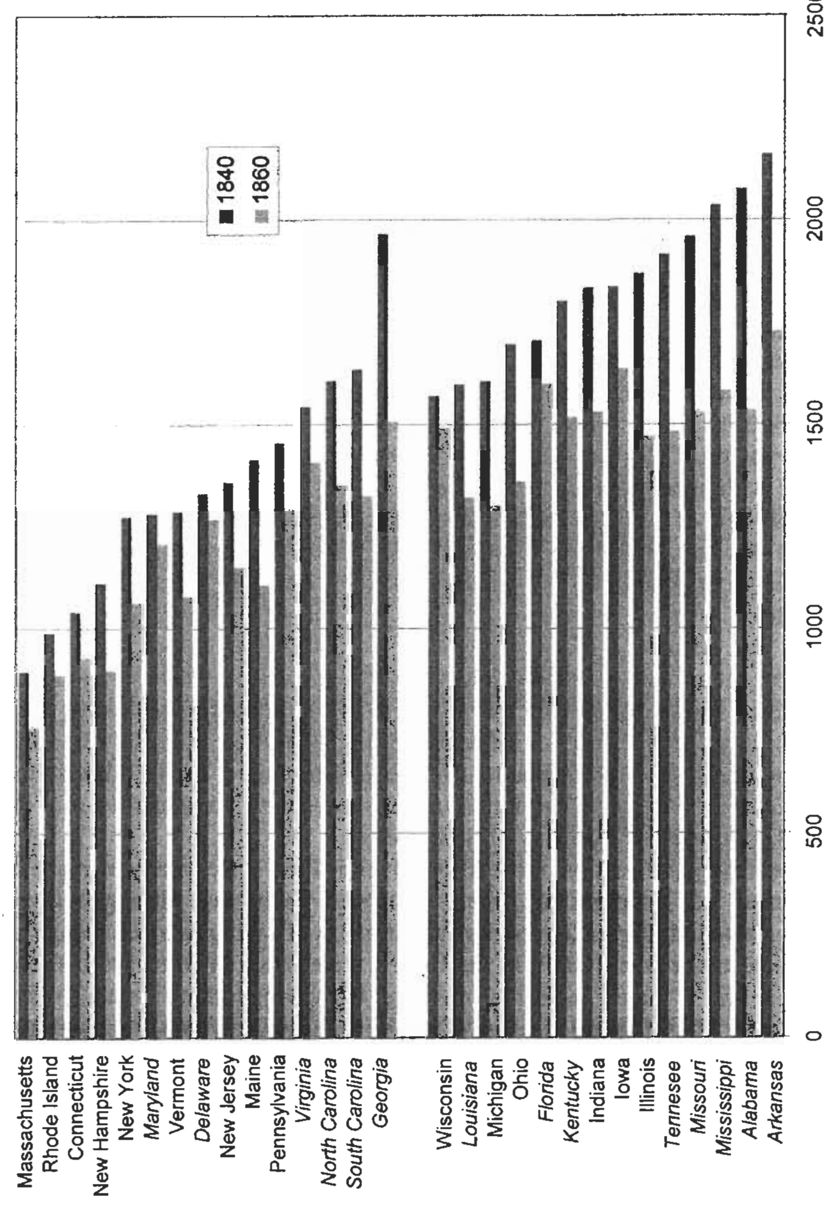
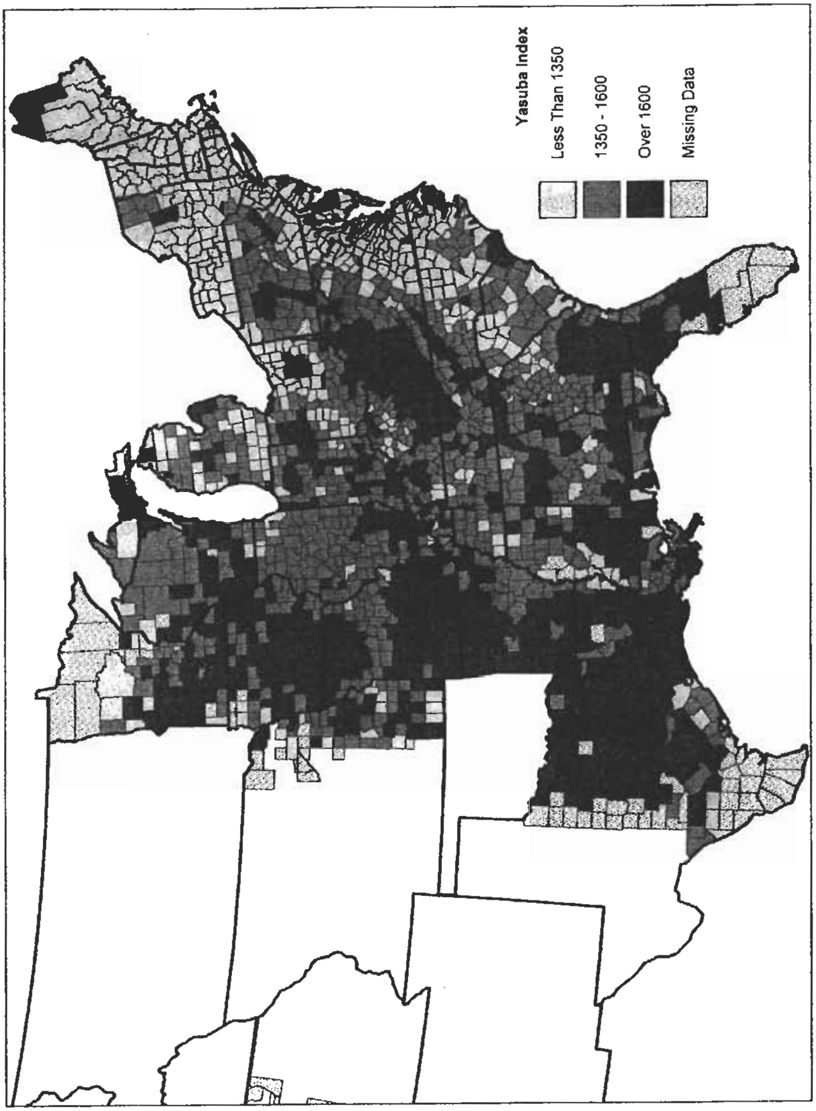


Fig. 1. Children per 1,000 Women by State; 1840 and 1860.

emerges when we look at Map 2, which plots the values for Yasuba's fertility index by county in 1860. Fertility rates below 1350 per thousand were common throughout most of the northeast by 1860, as well as in the upper Great Lakes Regions and much of Ohio. That is what we would expect. Fertility would be less than in the more settled regions of the Northeast, where parents were experiencing the pressures of child default than in regions where family labor remained on the farm. As the frontier became more settled, the rise of markets and commercial agriculture produced the same pressures for lower fertility in these areas that appeared earlier in the east.[18] The pattern of lower fertility in the North therefore mirrors the pattern of market development. In the Northeast only the Appalachian areas have fertility rates above 1600 children per thousand women. In the Old Northwest, the market development spurred by specialization made possible by the Erie Canal in western New York is evident, as is the impact of rail, canal and lake travel further west.[19]

The fertility transition is also evident in parts of the South. How do we account for this? Our answer is that the areas of low fertility in the South coincide with areas where slavery is most prevalent – along the east coast; in the black belt of Georgia and Alabama; and in the Mississippi Valley. We interpret the low fertility in these regions to be indicative of a strategy of economic security followed by planters that relied on slave wealth rather than family labor. Slave assets lessened the need for planters to either rely on large families for economic security or accumulate financial assets (other than slaves) for security. In effect, slave labor substituted for family and wage labor on the farm without producing the pressures on traditional values what were changing in the North. Market influences did not penetrate so deeply into the Southern lifestyle. Though planters actively participated in the market for cotton and other staple crops, farms in the slave South continued to rely on nonmarket production for many of their needs.

Our second manifestation of the life-cycle transition is the steady increase in the fraction of income that Americans saved each year throughout the antebellum period. Figure 2 presents our estimates of saving as a percentage of gross domestic product [GDP] of the United States from 1800 to 1860. These estimates are a more inclusive measure of savings that include some adjustments to the standard measure of saving to make them consistent with the life-cycle concept of national income accounting.[20] The level of savings rose from less than 10% per annum at the beginning of the century to around 20% by the time of the Civil War. This doubling of the rate represents a dramatic shift in behavior that is difficult to explain on the basis of economic variables alone. We have argued elsewhere that the proximate cause for such a change was a change in the attitudes of parents who began to accumulate assets as a



Map 2. Yasuba Index of Fertility in the United States in 1860.

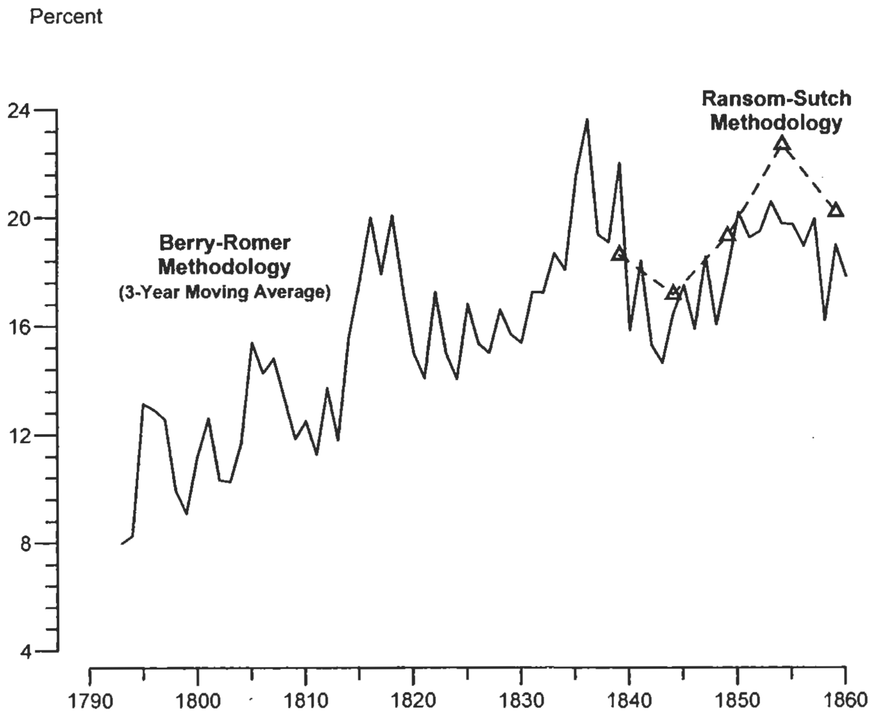


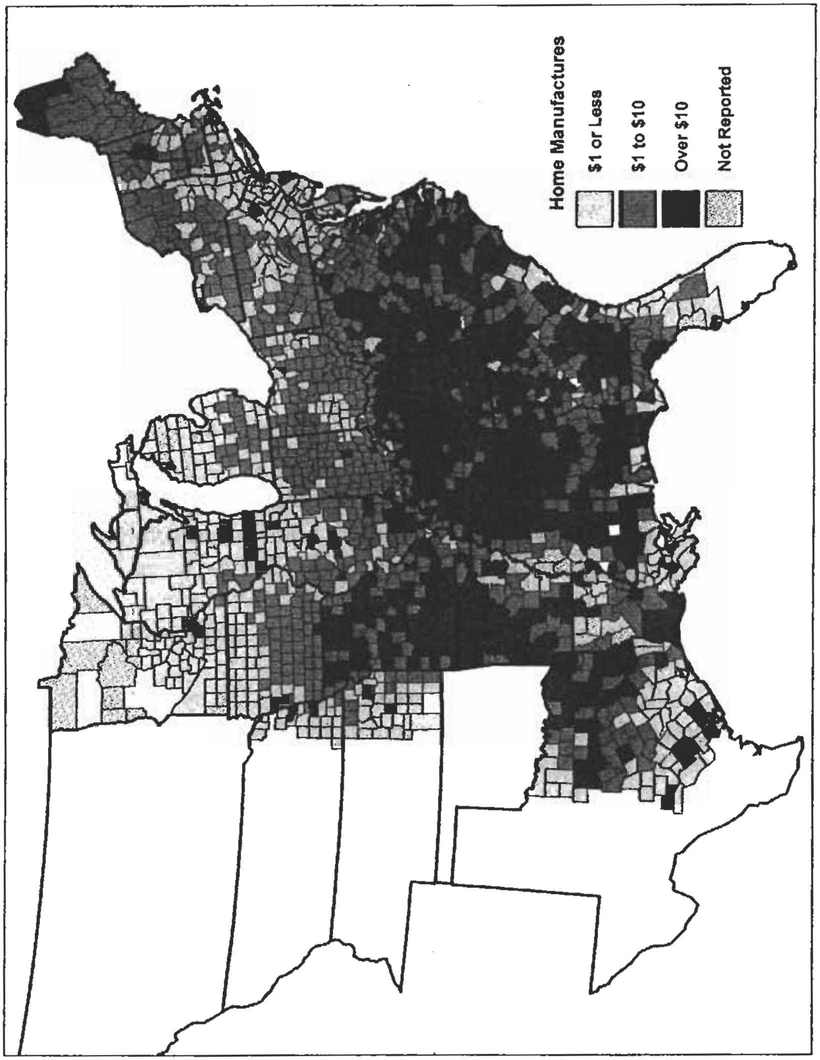
Fig. 2. Life-Cycle Saving as a Percentage of Gross Domestic Product; 1795–1860.

precaution against child default and old age insecurity (Ransom & Sutch, 1984a, b, 1986c; Carter, Ransom & Sutch, forthcoming).

The rising saving rate and the fertility decline were not unrelated. As families chose to have fewer children, they were able to save more and rely on market assets for their economic security. However, there were major differences in the slave and free regions. We noted that fertility was low in areas with high concentrations of slaves. In that sense, slaveholders joined the fertility transition. But as we noted above, slaveholders enjoyed a source of savings not available to free farms; they could rely upon the natural increase in the value of their slave capital to finance the savings necessary security for old age. This produced a very different demand for assets in the two regions. While the North developed increasingly diverse and sophisticated capital markets to serve their financial needs, the South tended to rely on external markets in the North and abroad for their financial needs.

This is a point worth emphasizing. Economic historians have portrayed the South as a modern, well-developed economy that utilized its comparative advantage in staple crops to produce a per-capita income that ranked among the richest economies of the world in the middle of the nineteenth century.[21] However, this interpretation of the South as a "modern" economy in the mid-nineteenth century rests on a very narrow interpretation of available measures of economic activity. Even if we grant that the southern economy experienced high levels of income growth in the antebellum period, the fact remains that the continued growth of the southern economy depended on a continued expansion into new lands of the west; a sustained demand for cotton in the industrial world; and the preservation of a chattel labor system that stifled investment. That is hardly the foundation for a modern developed economy. Despite a high level of per capita income, the revolutionary changes that we call the life cycle transition did not impact the South as they did the free states of the North. One measure of the extent to which the market revolution was sweeping through the North is the data on the value of home manufactures per family reported by the Census in 1860. This data is presented in Map 3. The regional contrast is striking. In New England, the Mid-Atlantic States and the Old Northwest, home manufactures had virtually disappeared by 1860. In the South – including the areas of the slave South with lower fertility – home manufactures remained significant. As we shall see in the discussion below, other measures of life cycle behavior such as banking, literacy, and school attendance, also show differences between slave and non-slave areas. For slaveholders, fewer children did not mean a revolution in family values.

The maps illustrate rather clearly the *areas* where the life cycle transition and market revolution had made the greatest impact by 1860. What is less apparent from the maps is how many people lived in regions where non-market production and fertility had declined so dramatically. Table 1 presents the population for each region grouped according to the three classes of fertility displayed in Map 1.[22] In the Northeast, 84% of the people lived in low fertility counties; while only 3% lived in counties with high rates of fertility. In the Northwest 27% were in low fertility counties and roughly the same number in high fertility counties, At the other extreme was the Southwest, where 48% of the people in the region lived in high fertility counties and only 25% in low fertility areas. Equally important is that by 1860 two-thirds of the white population of the United States lived in the free states of the North. Sixty% of those people lived in counties where the level of fertility was less than 1,350 children per thousand women. If, as we argue, lower fertility and a greater reliance on market production can be taken as a reflection of changing views



Map 3. The Value of Home Manufactures per Household in 1860.

Table 1. Distribution of the White Population by Level of Fertility of the County of Residence in 1860.

Region[b]	People Living in Counties with Fertility Levels that are:						Total Population (000)
	Low[a]		Medium[a]		High[a]		
	Number (000)	Percent	Number (000)	Percent	Number (000)	Percent	
Northeast	8,808	84.4	1,302	12.5	327	3.1	10,438
Northwest	2,107	26.9	3,755	48.0	1,969	25.1	7,831
Southeast	1,534	48.4	1,114	35.2	519	16.4	3,167
Southwest	808	16.6	1,910	39.2	2,153	44.2	4,871
United States[c]	11,878	44.5	7,085	26.6	4,552	17.1	26,682

Notes:

[a] The level of fertility is defined as the ratio of the number of children under 5 years of age to the number of women aged 16-44. The ratios are calculated for each county.

Low Fertility: Less than 1,350 children per 1,000 women

Medium Fertility: Between 1,350 and 1,600 children per 1,000 women

High Fertility: More than 1,600 children per 1,000 women

[b] The Definition of Regions is:

Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York Pennsylvania and Vermont.

Northwest: Illinois, Indiana, lowa, Kansas, Michigan, Minnesota, Nebraska, Ohio and Wisconsin.

Southeast: Delaware, Georgia, Maryland, North Carolina, South Carolina and Virginia.

Southwest: Alabama, Arkansas, Florida, Kentucky, Louisiana, Mississippi, Missouri, Tennessee and Texas.

[c] Totals for the United States include Oregon and California.

of the economic and social environment, then Table 1 shows that a majority of the U.S. population was living in areas experiencing those changes.

IV. THE IMPLICATIONS OF ANTEBELLUM DEVELOPMENT FOR ECONOMIC ISSUES

Our view is that there *was* a clash between the "life-cycle" values associated with the market revolution of the North and the more "traditional" values of the slave South. A review of several specific economic issues suggests that James McPherson is right to claim that Southerners may have had more to fear from an industrializing North than simply a threat of economic competition or a curtailment of the economic gains from their slave economy. Economic change in the free states brought with it a program of political economy that was basically incompatible with the Southern lifestyle. To illustrate the point, we will examine several of the major "economic" disputes in the years just prior to the Civil War.

Land Policy

Both the model of inter-regional trade and the life-cycle model of economic behavior suggest that Americans in the North and in the South shared a strong interest in the availability of western lands. The issue of land availability was particularly important to Southerners, many of whom felt that their regional prosperity depended on the continued availability of more fertile land to the west. The argument that economic growth of the slave economy depended upon a continued expansion of cotton culture to the west has been around for a long time. Contemporary writers such as Hinton Helper (1860) and J. E. Cairnes (1869) insisted that the availability of fresh land was a "fundamental principle" of the slave system. Charles Ramsdell (1929) developed a thesis that there was a "natural limit" to the westward expansion of slavery because of limited land, and Eugene Genovese (1965a) insisted that the need for new land was one of the principal sources of what he termed "slavery expansionism".

Economic historians have not been receptive to the idea that Southern growth would have been limited by a shortage of land for planting cotton. Robert Fogel and Stanley Engerman (1971, 1974) insist that the abundance of unsettled land within the South, together with the optimistic outlook of planters on the eve of the Civil War, seriously undermine Ramsdell's claim. Gavin Wright (1978, 1987) makes the same point and notes that the South's demographic expansion in the period 1800 to 1860 – a growth in population barely half that of the North – hardly supports a claim that there was a "shortage" of land. "The land-expansion thesis," he argues, "is an economic Hamlet without the prince" (Wright, 1978, p. 133). Nor is it obvious that bringing new land into cultivation – whether in the East or West – would benefit the South. The net effect of putting new land into production depends on how the increased production of cotton would impact the price of cotton, the price of land already in production, and the price of slaves. As various studies have shown, these effects are not the same throughout the South, and consequently there is not an unambiguous implication for support of land policy throughout the region.[23]

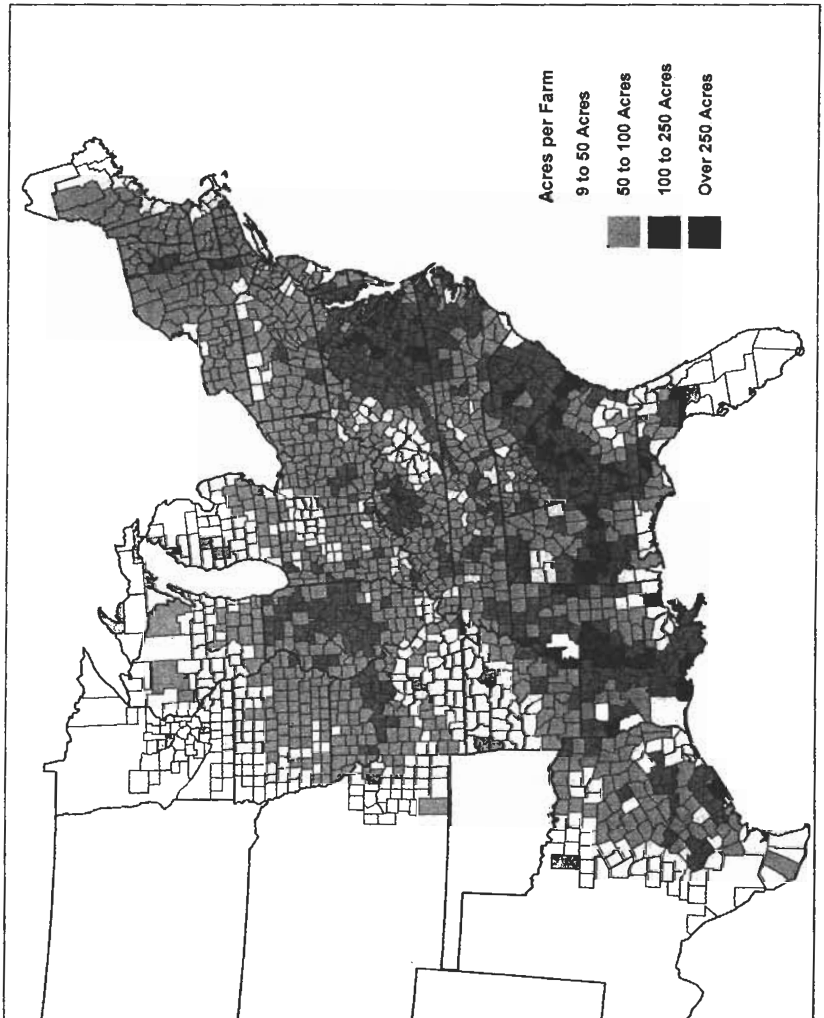
The same economic logic produced ambivalence towards a policy of cheap land in the Northern states. Northern farmers saw the higher productivity of western land as an incentive to migrate, but the dynamics of regional migration were more complex. The availability of new land offered young people an opportunity to form new families and break away from the reliance on their parents. To these people, the priority was not only the availability of land, but that it be *cheap* – indeed by the 1840s the cry was for *free land*. Yet support for free land was hardly universal in the East. For those who stayed behind, cheap land and western grain meant lower farm values and economic hardships if they stayed on the farm.[24] Added to this resistance was the opposition of manufacturing interests in the Northeast who feared a loss of workers and increased wages due to the lure of western lands. Through the first four decades of the antebellum period the only region with universal support for the idea of free land was the Northwest.

Preemption – the right of settlers to purchase land they have settled on – had been written into land legislation with the passage of the General Preemption Act of 1841. By the 1850s federal land policy had been moving steadily towards cheaper land for some time. Yet when legislation to give 160 acres of government land to anyone who was willing to settle on it was introduced in Congress in 1855, sectional interests became polarized. Southern delegates in congress adamantly opposed it while an overwhelming majority of Northerners vocally supported "free soil." Southerners wanted a west that was receptive to the plantation system and the traditional values they associated with slavery; Northerners wanted a west that offered opportunity for young families to acquire modest-sized farms early in their lives and allowed them to accumulate an economic stake for the future. In addition to the much-publicized disputes over the issue of slavery in the territories, it was the manner in which the government made land available that shaped the options available to both groups. These divergent views on the issue of how different land policies came to a head in the debates over the issue of *squatting* or *homesteading*. Planter interests opposed passage of any act that gave land away in small enough parcels to encourage settlement by family farms, while a vocal faction in the North insisted that was exactly what was necessary – *free* land available in *small* parcels. Southern planters, who did not rely on family labor to operate their farms, were less concerned with the availability of small lots, and they argued that small parcels would discourage the formation of plantations.[25] While the size of land parcels sold by the government did not dictate the eventual size of farms in a region, Atack and Passell point out that:

> Public land law had a marked and lasting impact upon the size distribution of farms throughout the territory where it applied. In 1860 in the Northeast, where public land law did not apply, there was a broad dispersion of farm sizes, as might be expected from sale or subdivision among heirs. . . . In the Midwest, on the other hand, there were proportionately fewer farms of "odd sizes" and much greater concentrations of specific farm sizes. In this case, farms were multiples of 40 acres (1994, p. 261).

The modal size of farms in the Ohio, Indiana and Illinois was 80 acres; in Michigan and Wisconsin it was 40 acres.[26] These were farms operated with family labor. Map 4 clearly illustrates the difference between the size of family-operated farms of the North and the slave farms of the South. Apart from a small region of relatively large farms in central Illinois, there are virtually no counties in the free states where the average number of improved acres per farm in a county exceeded 100 acres. All of the counties reporting more than 250 acres per farm are in the areas where slave farms are concentrated – primarily the Black Belt and the Mississippi Delta regions. The difference in the scale of farming between the two regions is striking.

A "Homestead Act" finally passed the thirty-sixth congress in March of 1860, but Democratic President James Buchanan vetoed the bill – and in so doing angered his northern constituencies in both the East and the West.[27] Why such a fuss? More than economic logic was involved here. As Atack and Passell (1994) wryly observe in their summary of antebellum land policy, "ideology and sectional politics became increasingly confused." Historians of public lands in the Unites States tend to agree; they focus on the territorial debates over slavery that had erupted with the passage of the Kansas-Nebraska Bill in 1854.[28] Political historians have cast the problem in terms of "balance" between slave and free representation in Congress. Southern resistance to homesteading was rooted in the need to stem the rush to settle the west with small homesteaders who objected to slavery. As a newspaper in Columbus Mississippi observed in July of 1854, "Better for us that these territories should remain a waste, a howling wilderness, trod only by red hunters."[29] In the North, where the "free labor" ideology held sway, settling the west was seen not only as a means of checking the expansion of slavery, but of relieving the poverty in



Map 4. The Average Number of Improved Acres per Farm in 1860.

the cities as well. As Republican Congressman Owen Lovejoy observed in February 1854, the homestead measure "will greatly increase the number of those who belong to what is called the middle class."[30]

A life-cycle perspective on the question of land policy suggests that the availability of western land was central to the economic vision of people in both the North and the South. Despite the complexity of the economic interests involved, no issue exhibited greater sectional solidarity in Congress than the vote on the Homestead Act in March 1860.[31] We do not dispute the significance of slavery and sectional balance to the votes on the Homestead Act. We would add, however, that no issue more clearly cuts to the heart of the question of contrasting life styles in the two regions than the legal framework for property rights to land in an agricultural society. Ultimately, a diverse coalition of groups in the North rallied behind the Republican cry for "free soil" and the Homestead Act because it had become a cornerstone of their economic vision. Southerners resisted it for the same reason.

Internal Improvements

"Free" land would be worth just that without a transportation system to link western markets to the outside world. This was the age of internal improvements in the United States. From the time of Gallatin's famous report in 1803 to the eve of the Civil War, Americans built roads, improved rivers and harbors, dug canals, and constructed railroads all over the landscape.[32] We have already seen how transportation corridors in western New York and Pennsylvania, and throughout the rest of the Northwest dramatically changed the demographic map of these areas. In 1860 Cincinnati, St. Louis, Chicago, Buffalo, Chicago, Pittsburgh Detroit, Milwaukee, and Cleveland all ranked among the largest 25 cities in the country. While Northerners sought to develop inter-regional links, internal improvements in the South focused on intra-state routes that facilitated shipments of cotton to the coastal ports. The only slave states to undertake major inter-regional improvements in the canal era were Maryland and Virginia. Interestingly, the primary intent of these projects was to develop trade with the Ohio Valley, not with the cotton-producing regions of the lower South.[33] This is not to say the South paid no attention to transportation needs; rather it reflected an economy that could rely largely on water transportation with only minimal investment in canals or railroads. Without a pressing need for an east-west link, the South did not engage the "system building" that produced the trunk lines running across the North by the late 1850s. The result was a system that served the needs of the staple economy.[34]

When the question of federal subsidies for east-west interregional transportation arose in congress, the South was reluctant to support such ventures. By the late 1850s, when the question of federal subsidies for a transcontinental railroad had become a major issue in Congress, southern Democrats resisted efforts to put a package together that might pass Congress. While much of the problem focused on finding a route that satisfied Southern interests, there was also resistance to the proposed use of land grants to finance the venture. As with the homestead issue, planter interests were not eager to attract free soilers to the west with the promise of cheap railroad land. As a measure of the importance with Northerners viewed the construction of a rail network to the west coast, Democratic leader Stephen Douglas was willing to risk splitting his own party by reopening the dispute over slavery in the western territories in order to get congressional action on a plan to organize the Nebraska Territory in 1854. This proved to be a disastrous political mistake. By the time the dust had finally settled on the congressional debates, Douglas' agenda of a transcontinental railroad had been shelved, and Northerners in both the Democratic Party and the Whig Party blamed Southern intransigence for the demise of the railway bill. The vote on the Pacific Railway Act in December 1860 was supported by only 25% of the congressmen from slave states in the House of Representatives, compared to a 75% majority in the North.[35]

The transcontinental railway bill was only the most prominent example where the Southerners balked at federal support for internal improvements. Simply put, the problem was that the South had far fewer projects to support than did the North. The demands of Western representatives for support of waterway improvement, notes Marc Egnal,

> created a bitterly contentious struggle for "rivers and harbors" improvements between 1846 and 1860. The alignment of forces is significant. The most fervent supporters of these measures were the Congressmen in the districts of the Great Lakes. Before 1856 these representatives were Democrats, Whigs and Free Soilers. After 1856 they were overwhelmingly Republicans (2001, pp. 47–48).

Indeed, three quarters of the 44 bills introduced in the thirty-sixth congress were for waterway projects in the Northeast and Midwest; while only five bills proposed projects in the South (Bensel, 1990, p. 74). To Northerners, internal improvements had become part and parcel of a market revolution that depended on the continued expansion of a transportation network. Southern resistance to these projects was seen as one more example of Southerners' resistance to economic development.

Banking

In 1834 Andrew Jackson vetoed a bill to renew the charter of the Second Bank of the United States. Jackson's veto and the subsequent demise of the BUS in 1839 left control of the banking system entirely in the hands of the states. The result was a period known as "free banking" that was characterized by widely differing regulations of banks by state government. Yet, despite the variety of regulations, it is possible to see the different demands for financial intermediaries created by regional specialization and the growing reliance on market transactions. Table 2 presents aggregate data on the number and size of banks, and the number of bank locations by region in 1860.[36] Table 3 presents data on banks located in the five most significant financial centers (based on the aggregate value of bank capital) within each region. Map 5 plots the location of banks throughout the country.

The Northeast was clearly the financial center of the American economy in 1860. Over 60% of all the reporting banks and reported banking capital in the United States was concentrated in these nine states. Just over half the banking capital of the region was concentrated in the five financial centers identified in Table 3: New York, Boston, Providence, Philadelphia, and Hartford. Yet despite this concentration of banking activity in these cities, Map 5 reveals that there were an abundance of banks located throughout the region. The number of people per bank in this region is less than half that of any other area of the United States. While the central city banks had an average capital per bank in excess of $750,000, the average size of a bank outside those centers is only $160,000 per bank. Thus, we can see that banks in the Northeast were organized not only to serve the needs of the commercial centers, but the needs of local agriculture, industry and trade throughout the region.

In the states of the Northwest we find very few urban banks, but a plethora of smaller country banks. Indeed, the most striking feature of Table 3 is the absence of any city that might be called a major financial center in the Northwest. The city with the largest concentration of banks and financial capital reported is Milwaukee; which had 6 banks with a total capitalization of $1.7 million. Cincinnati, the most populous city in the region, had only two banks with barely a quarter of a million dollars of capital between them.[37] The absence of urban banking should not be taken as a sign of an undeveloped financial structure. As Table 2 and Map 5 demonstrate, banking facilities were spread throughout the region. The contrast in the density of banks in the rural areas of the Northwest and those of the South is particularly striking. The average size of a western bank was barely $100,000, and the presence of branch banking in states such as Indiana and Ohio meant that the capital invested per

Table 2. The Number of Banks and Banking Capltal in the United States in 1860, By State.

States	Number of Banks	Number of Bank Locations	Capital Invested in Banks (000)	Average Capital per Bank (000)	Population (000)	People per Bank (000)
Northeastern States						
New York	305	305	111,161	364.5	3,881	12.7
Massachusetts	177	177	65,094	367.8	1,231	7.0
Pennsylvania	87	87	25,649	294.8	2,906	33.4
Connecticut	73	73	21,626	296.2	460	6.3
Rhode Island	91	91	20,578	226.1	175	1.9
Maine	71	71	7,973	112.362	8	8.8
New Jersey	50	50	7,789	155.867	2	13.4
New Hampshire	52	52	5,016	96.532	6	6.3
Vermont	41	41	3,941	96.131	5	7.7
	947	947	268,827	283.9	10,594	11.2
Northwestern States						
Wisconsin	103	103	7,275	70.6	776	7.5
Ohio	39	56	5,475	140.4	2,340	41.8
Illinois	75	75	5,276	70.3	1,712	22.8
Indiana	18	39	4,518	251.0	1,350	34.6
Michigan	4	4	836	209.1	749	187.3
lowa	2	14	810	405.2	675	48.2
Minnesota	7	7	425	60.7	172	24.6
	248	298	24,616	99.3	7,774	26.1
Southeastern States						
Virginia	30	68	17,926	597.5	1,220	17.9
South Carolina	18	20	14,917	825.7	704	35.2
Maryland	36	39	13,808	383.5	687	17.6
Georgia	30	34	10,439	348.0	1,057	31.1
North Carolina	15	32	7,750	516.7	993	31.0
Delaware	10	13	1,715	171.5	75	5.8
Florida	2	2	230	115.0	140	70.0
	141	208	66,785	473.7	4,876	23.4
Southwestern States[a]						
Louisiana	11	14	24,552	2,232.0	708	50.6
Kentucky	19	54	14,956	787.2	1,156	21.4
Missouri	9	42	12,534	1,392.7	1,182	28.1
Tennessee	22	40	10,268	466.7	1,110	27.8
Alabama	9	9	5,400	600.0	964	107.1
Mississipp	i4	4	800	200.0	791	197.8
	74	163	83,426	1,127.4	5,911	36.3
Total, All States	1,410	1,616	443,654	314.6	29,155	18.0

Note: [a] There were no banks reported for Arkansas and Texas.

Table 3. Urban Banks in the United States, 1860.

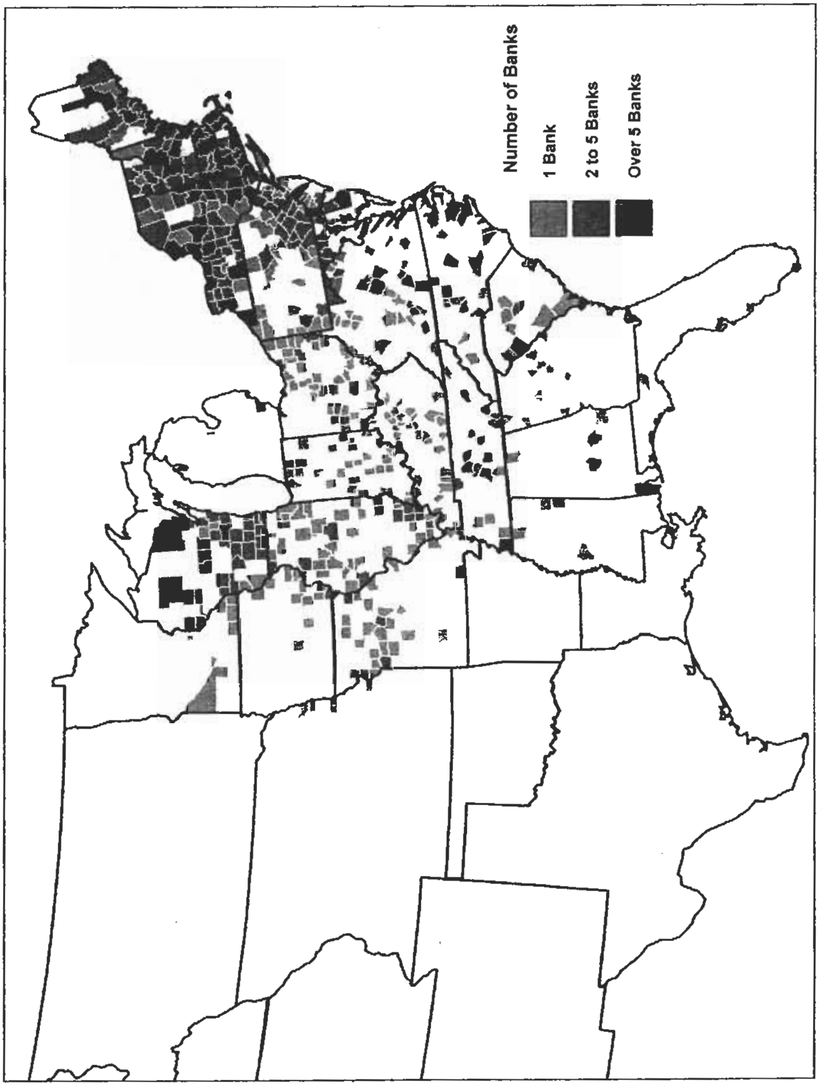
Region and City	Banks	Capital Invested (000)	Capital Invested per Bank (000)	Population (000)
Northeast				
New York[a]	62	69,220	1,116	1,080
Boston[b]	52	39,032	751	362
Providence[c]	42	15,616	372	76
Philadelphia	20	11,940	597	566
Hartford	12	7,574	631	29
Total, 5 Cities	188	143,382	763	2,113
Rest of Northeast	759	125,446	165	8,481
Percent in 5 Cities	19.9	53.3		19.9
Northwest				
Milwaukee	6	1,675	279	45
Detroit	4	836	209	46
Cleveland	5	677	135	43
Columbus	4	450	113	19
Cincinnati	2	229	115	175
Total, 5 Cities	21	3,868	184	328
Rest of Northwest	227	20,748	91	7,446
Percent in 5 Cities	8.5	15.7		4.2
Southeast				
Charleston	9	11,124	1,236	41
Baltimore	17	10,428	613	212
Savannah	9	5,002	556	22
Augusta	7	3,175	454	12
Richmond	4	3,037	759	38
Total, 5 Cities	46	32,767	712	326
Rest of Southeast	95	34,018	358	4,550
Percent in 5 Cities	32.6	49.1		6.7
Southwest				
New Orleans	12	29,122	2,427	169
St. Louis	7	6,547	935	161
Nashville	7	5,244	749	17
Louisville	8	4,210	526	68
Mobile	3	3,000	1,000	29
Total, 5 Cities	37	48,123	1,301	444
Restof Southwest	37	35,303	954	5,467
Percent in 5 Cities	50.0	57.7		7.5

Notes:

[a] Includes the city of Brooklyn.

[b] Includes the cities of Chelsea. Lowell and Cambridge.

[c] includes the city of Smithfield.



Map 5. Location of Banks in the United States in 1860.

bank location was just over $80,000. Yet, although they were substantially smaller than banks in any other region of the country, these rural banks not only provided local financial services for family farms; they were also frequently involved with the financing of transportation improvements as well.[38]

The salient feature that leaps out from the banking data on the South and Southeast is that there were far fewer banks per capita in the South than in other parts of the country and that Southern banks had a much larger capital investment per bank. Southern banks were not only larger than banks in other parts of the country, they were also more sophisticated in the use of deposit banking rather than note issue compared to other regions.[39] These characteristics were particularly pronounced for banks in the five cotton states, a situation that reflected the extent to which financial institutions areas were geared to the needs of planters who financed the sale of their crops with loans secured by collateral in land and slaves and brokered through one of the financial centers in Table 3. Banks that were not located in financial centers tended to be in areas away from the regions where staple crops – and particularly cotton – were grown. In three states of the Deep South – Alabama, Louisiana, and Mississippi – there were only 12 bank locations outside the cities included in Table 3.

What implications can we draw from this data? The Northeast clearly played a dominant role providing banking services throughout the United States. This is hardly surprising. Banking is an industry that benefits from substantial economies of scale when located in urban areas, and the Northeast was the only region of the country where a significant fraction of the population lived in cities.[40] Yet our data also reveal that there was an extensive net of banking services in the Northeast provided by smaller banks scattered throughout the region. While the Northwest lacked the financial centers of the Northeast, it also had an extensive network of many local banks. The contrasting distribution of bank across regions reflected fundamental differences in the demand for banking services in the three regions. More specifically, our argument is that the proliferation of banks throughout the North reflected a demand for banking services from life-cycle families in both the rural and urban areas. People interested in accumulating assets looked to the banking system as a place for their savings. Consequently, banks outside the major centers were small, relied more on note issue than banks in other regions, and catered to the needs of a local clientele. By the 1850s the growth of banks documented in Tables 2 and 3 was accompanied by the development of other financial institutions – notably savings banks and insurance companies. We interpret these developments as a reflection of the demand for such financial intermediaries on the part of a population that was interested in the accumulation of financial assets.[41] Richard

Steckel has argued that the density of banks is an important explanatory variable explaining fertility patterns that could be associated with a life-cycle transition as early as 1840.[42] The concentration of banking facilities in a few urban areas of the South underscores the fact that Southern banks were catering to the needs of planters able to draw upon financial services in commercial centers. The absence of local demand for banks produced a financial sector that funneled its business to the capital markets of the East or Britain through the cities listed in Table 3 and largely ignored the needs of smaller producers in the region.

Though the political dispute over the Second Bank in 1834 had tended to cut across regional lines, the debates over the financial system in the 1840s and 1850s gradually revealed divisions along sectional lines. These sectional views on banking reflected the changing needs for financial intermediaries created by regional specialization we have just summarized. Over the course of two decades of bitter debate on the structure of the banking system, Northern Whigs sought to institute some form of centralized control over the banking system. Southern and western Democrats opposed such controls in favor of a system of banking regulated by state governments and an "independent treasury" to manage government deposits. Much of this opposition to federally chartered banks stemmed from the Jacksonian mistrust of a "central" banking system. Shortly after the election in 1840, the Whigs succeeded in passing the Fiscal Bank Incorporation Bill that would have established some elements of a central banking authority. But President John Tyler – a Whig from Virginia who became president after William Henry Harrison's death – vetoed the bill. When Tyler vetoed a second bill as well, Northern Whigs were outraged and interpreted the President's actions as a reflection of his willingness to bow to southern interests.[43] Though Whigs subsequently introduced a variety of schemes, southern opposition remained strong, and with the presidential cooperation, the Democrats were able to stifle any major reforms on the bank issue. Tyler's role in blocking the Bank Incorporation Act and his subsequent defection to the Democrats exacerbated the growing split in the Whig Party between Southern and Northern wings of the party.

While the South continued to be suspicious of northern financial domination, the populace of the Northwest found themselves increasingly sympathetic to the sort of financial institutional arrangements that would meet the needs not only of expanding commerce, but of the demand for financial security of families as well. By the 1850s westerners had begun to look favorably upon the Republican proposal to create nationally chartered system of banks. The South's unwillingness to embrace such proposals for changes in the banking system added to that region's sense of isolation.

Education

The life-cycle transition reinforced the social and religious factors favoring education for children.[44] Virtually every state in New England had a state educational system by the time of the Civil War. The slave society of the South, by contrast, had little demand for investment in education. Slaveowners strongly opposed education for their slaves; by mid-century every southern state had statutes making it illegal to teach a black slave how to read or write. Nor were planters eager to spend public monies on education of the lower class white population. Consequently, southern states had relatively few public schools. In the North, schooling was viewed quite differently. The "common school revival," a movement that stressed the value of education for children, produced rising school enrollments in New England and the Atlantic states.[45] "In the South," notes historian Carl Kaestle "there was less enthusiasm for local common schooling and more successful resistance to the creation of state systems" (1983).

The result of these divergent views on the value of investment in education can be seen in a comparison of regional statistics on school attendance and illiteracy from the census returns. Figure 3 plots the school enrollment rate for white children aged 5 to 19 in 1840 for each state against the enrollment rate for that state in 1860. Figure 4 does the same for the illiteracy rate of whites over the age of 20 in 1840 and 1860. The regional contrasts are immediately apparent. No state of the cotton South had enrollment rates as high as 20% of the school-aged population in 1840. In the Northeast, by contrast, enrollment rates fell below 40% in only one state – Pennsylvania. Not surprisingly, illiteracy was far more prevalent in the slave states than in either the North or West. Regional differences in support for education evident in 1840 changed very little over the next twenty years. Two trends in school enrollment data particularly underscore the dramatic differences in the vision of education in the two regions. First is the dramatic rise in school enrollment rates for the states in the Northwest. By 1860 enrollment rates for the west were comparable to those in the Northeast while the South – and particularly the Southwest – still lagged behind both regions. Second is the success of the Northeastern states in maintaining very high rates of school enrollment in the face of a massive influx of immigrants who often resisted the pressures to send children to public schools and lacked the resources for private education. The movements for educational reform that produced these high enrollment rates for northern states involved more than just the teaching of reading and writing. As Carl Kaestle (1983) points out, Southern schools depended on a disproportionate number of teachers trained in the North. These teachers brought with them the values of

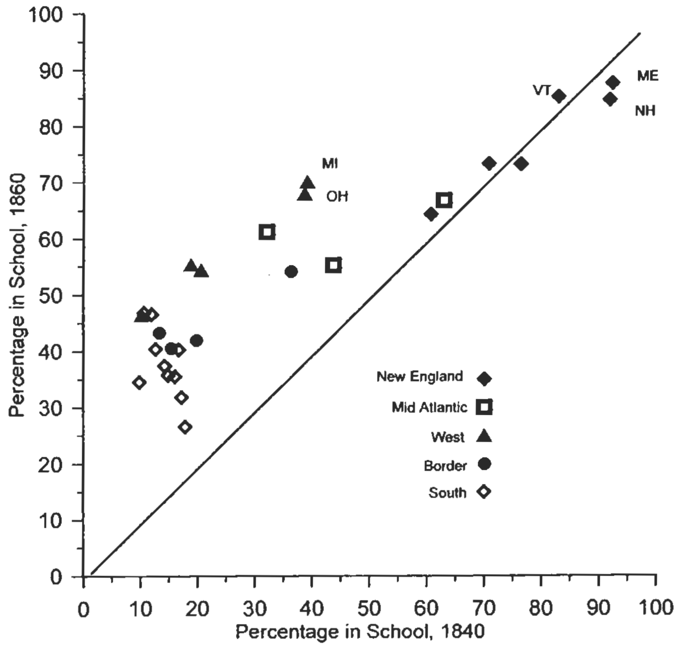


Fig. 3. Percentage of White Children 5–19 Attending School, by State: 1840 and 1860.

northern ideology – an ideology that included the changing family values of the life cycle transition in the North. To Southerners, this was added reason to oppose state support for education.

Immigration

Between 1824 and 1860 approximately four million immigrants came to the United States. Map 6 shows the distribution of the foreign-born population of the United States in 1860. Several patterns of immigration are apparent. First is the overwhelming preference of immigrants for settling in the North. Apart from the few urban counties in the South only the alluvial areas of Louisiana and the frontier areas of Texas and Florida exhibit fractions of foreign born above 5%. Europeans coming to the New World obviously had a strong aversion to the institutions associated with the Slave States. A second observation is that, although the densest settlements of immigrants are in the

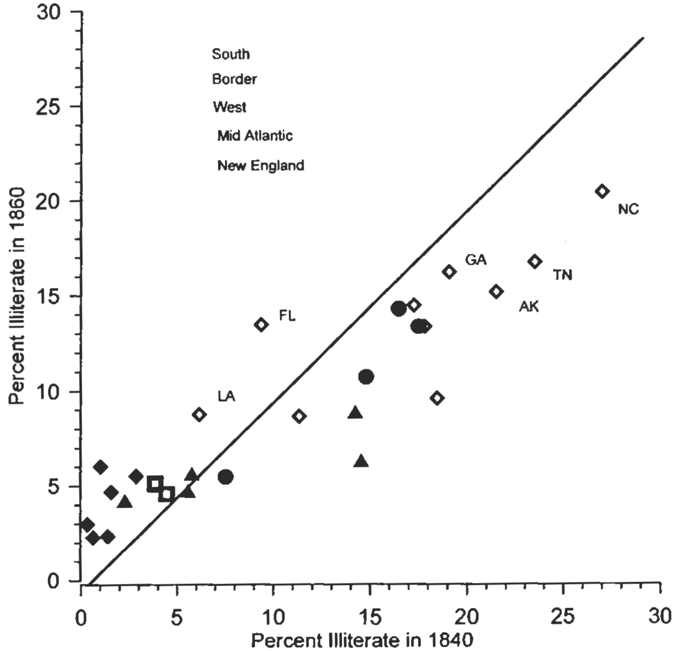
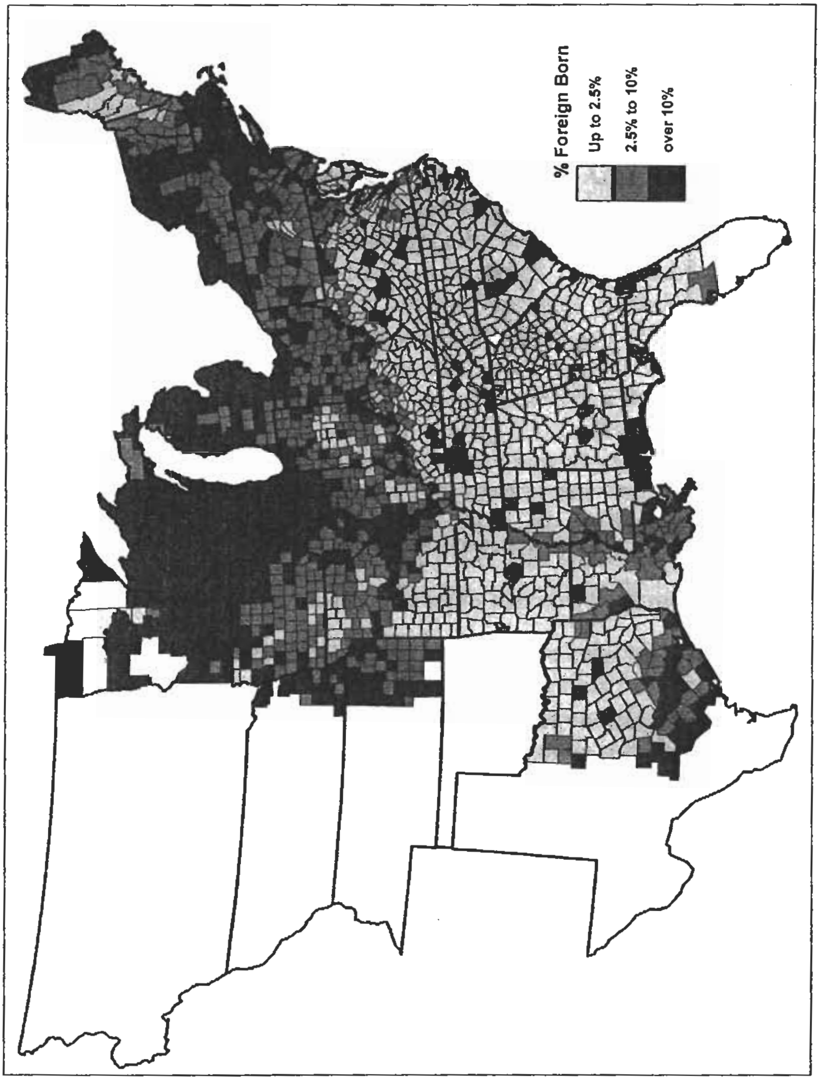


Fig. 4. Percentage of Whites Over 20 Who are Illiterate, by State; 1840 and 1860.

urban areas of the North, the immigrant population did not remain on the Atlantic Coast. Large numbers of German and Scandinavian immigrants were drawn to the states of the Old North West by the opportunities of both land and jobs in western cities. By 1860 17% of the free population in the Old Northwest was born outside the United States.

The decade of the 1850s witnessed a huge increase in the arrival of immigrants that had a profound effect on both the northern economy and the political realignments of the 1850s. Figure 5 plots the percentage of the free population that was foreign born in 1840 against the same fraction in 1860 by state. The heavy concentration of immigrants and the dramatic increase in the number of foreign born in the North is immediately apparent. Any political candidate seeking office anywhere in the North had to deal with immigrant views on questions relating to schooling, temperance, and work laws; all of which involved potential frictions between the foreign-born population and "nativist" groups who resisted the changes that accompanied the arrival of so many people from overseas. Historians have argued that these issues



Map 6. Foreign Born as a Percentage of the Free Population in 1860.

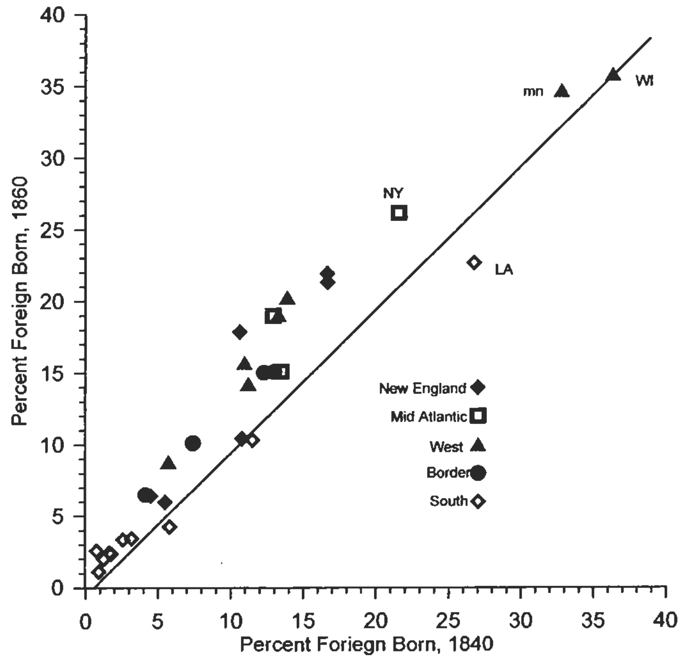


Fig. 5. Foreign Born as a Percentage of the Free Population, by State; 1840 and 1860.

surrounding immigration were bread and butter debates that drew attention away from the problem of slavery.[46] We think the emphasis on *local* political issues, misses a key aspect of immigrant votes with regard to the *national* agenda of political economy. First of all, immigrants tended to have a deep-seated apathy towards the system of slavery, which helped form strong anti-slavery support for the newly formed Republican Party in the West.[47] Immigrants in the West also tended to support the Republican program of free land.[48] In short, they tended to relate more readily with the modern traditions of the free North rather than the traditional values of the slave South. Thus, despite the heated political debates and problems of economic adjustments associated with the influx of immigrants in communities throughout the North, the net effect of immigration on the national scene was to increase the political clout of those in the North seeking to implement the Republican program of economic change. This became evident in 1860 when measures such as the Homestead Act, the Pacific Railroad and the tariff received very strong support from constituencies with populations that were at least 20% immigrants in the thirty-sixth congress.

The South, with its tiny fraction of foreign-born, had little reason to become involved with the ethnic politics of the North. Yet Southerners were not oblivious to the fact that a growing of the inflow of people from abroad contributed to a rapid growth of population in the North. And that population growth threatened to tilt the political balance in the national government in favor of the free states. Nor was the economic isolation of the South with regard to migration limited to the choices of foreign-born Americans. Migration of native-born Americans similarly moved almost exclusively along east-west rather than north-south flows. Consequently, the South retained its particularism and attachment to more traditional values. An interesting finding by Richard Steckel (1989b) is that southern families tended to migrate significantly shorter distances than was the case with migration in the North. Steckel notes that this finding of migration over a smaller area in the South is consistent with a social system that relied more on family and kinship for information rather than depending on market forces (1989b, p. 211). Finally, there is some evidence that during the late antebellum period there was an *outflow* of white migrants leaving the slave states for free states. While interpretations of the importance of this outflow vary, such a tendency would be consistent with a view of the South as a region that was intolerant of those who did not subscribe to the traditional views associated with the planter class of the South.[49]

Here again, the overriding contrast between the regions is the presence of change in the North and stasis in the South. Immigration raised many questions of change in American society. Faced with the same need for economic security as native-born families, immigrants sought to adjust their demographic patterns to correspond with the transition in family values associated with the life-cycle transformation.

Tariffs

One of the most hotly debated issues of antebellum politics was the question of tariffs on imported manufacturing goods. The lines in this debate were fairly clearly drawn along regional lines. Southern objections to the tariff were clearly based on the agricultural interests of the region. Protection not only raised the cost of imported goods; it hurt the demand for the South's major trading partner – Great Britain. In fact, Southerners frequently portrayed the tariff on textiles as a tax on raw cotton.[50] Southerners may have exaggerated the burden of the tariff on their region, but they were correct to insist it *was* a burden. The most celebrated incident over Southern complaints that northern interests tried to pass a protectionist tariff at the South's expense came in 1832, when Vice-President John Calhoun and leaders in South Carolina threatened to "nullify" the increase in tariff rates enacted earlier that year by not allowing the duties to be collected. While the "nullifiers" eventually backed down in the face of determined action by President Andrew Jackson, resentment over Northern efforts to enact a high tariff did not fade away. Southerners continued to view the tariff as an act of arrogance on the part of Northerners who insisted on imposing a burden that fell so unfairly on their regional economy.

Northerners – and particularly New Englanders – favored some degree of protection from the importation of cheap foreign manufactures. Economists and economic historians have been debating for some time whether the antebellum tariff actually afforded protection to manufacturers, and been unable to come up with a clear answer. Frank Taussig, who studied the question for almost forty years concluded that by the middle of the antebellum period the case for protection was probably rather weak (1885, 1923). Knick Harley (1992) has questioned Taussig's view, arguing that American textile producers had higher costs. Douglas Irwin and Peter Temin point out that it is relative, not absolute advantage that is at stake here, and they argue that – at least for textiles – the tariff appears to have had only a minor effort on domestic production after the 1820s.[51]

The debates over the tariff involved much more than the protection of industry. Together with land sale revenues, customs revenues accounted for the lion's share of all federal revenues the years before the Civil war. Representatives from the Old Northwest may have shared the Southern distaste for higher prices on imports, however, with their voracious appetite for internal improvements paid for by the federal government, they also greatly appreciated the revenue generated by tariffs. Senator John Sherman of Ohio reflected such views when he argued in favor of the Morrill tariff in 1860:

> It is necessary for us to raise some $65,000,000 within the next fiscal year. Will the tariff measure now before us . . . prove sufficient for that purpose? In my judgment it will. . . . It is framed on the idea that it is the duty of the government, in imposing taxes, to do as little to the industry of the country as possible, that they are to be levied so as to extend a reasonable protection to all branches of American industry.[52]

Moreover, while it is clear that the strongest support for protection was in the Northeast, numerous writers have pointed out that, apart from Pennsylvania, many easterners were willing to forego high levels of protection on finished goods in exchange for lower costs of raw materials and revenues that would lower costs of production and provide revenue to fund the economic infrastructure that was essential, in their view, to the growing market society.

The most dramatic example of this was the debates on tariff reduction in 1857, which received substantial support in the manufacturing areas of the Northeast.[53] If one looks beyond the strident rhetoric of economic protection for manufactures, one finds that the arguments over tariffs reflect deeper concerns over the role of the national government in supporting the needs of an industrializing society compared to those of a region that is content to remain agricultural. These concerns produced a split on the tariff issue that mirrored the regional breakdown on the other issues that we discussed.

States Rights and Slavery

As the 1850s drew to a close, the greatest source of political agitation in the United States centered on sharply contrasting interpretations of the limits to the powers of the federal government in the United States. The Federal constitution had been written to protect the South's "peculiar institution" and an important element of that protection was the "reserved power" of the states to forestall any interference from the federal government in affairs concerning the protection of slave property.[54] While many historians have claimed that the political mood of the North in 1860 did not represent a serious threat to the institution of slavery, James Huston has taken issue with this view by insisting that the question of slave property rights represented an "irreconcilable problem" that could not be solved short of war. "On policy questions," writes Huston,

> Southerners could expect to obtain allies; but on the subject of enforcing property rights in slaves the South had no northern allies because northerners did not own slaves and had no direct interest in seeing property rights in slaves enforced. This sectional difference made a minority position in the federal government catastrophic.[55]

The "catastrophe" Huston has in mind is the possible loss of half the capital investment of the South in the event of emancipation. How imminent was this threat? Probably not as great as firebrand secessionists claimed on the eve of Lincoln's election. But how sanguine could planters be about the future threat to slavery from abolitionists in the North? Slavery was a volatile issue throughout the North and West. The Beards, with their usual penchant for understatement, clearly stated the problem for the South in 1859:

> [T]he planters were after all fighting against the census returns, as the phrase of the day ran current. The amazing growth of northern industries, the rapid extension of railways, the swift expansion of foreign trade to the ends of the earth, the attachments of the West to the centers of manufacture and finance through transportation and credit . . . the increase of population in the north and the southward pressure of the capitalistic glacier all conspired to assure the ultimate triumph of what the orators were fond of calling "the free labor system" (Beard & Beard 1927, Vol. 2, p. 6).

The long-term fear behind Southern advocacy of states rights was unquestionably a defense of slavery. The more immediate threat, as our discussion above has made clear, was the impact of economic policies favoring federal support for land grants, banking, tariff, and internal improvements advocated by the Republican Party. Southerners wanted to use the powers of state government to block what they saw as an intrusion of northern values that seemed inimical to their established way of life. A major part of that intrusion was the threat from federal policies associated with what we have termed the life-cycle transition in the North. Southerners embraced "states rights" not only to forestall interference from the federal government with their system of chattel labor. They also sought to maintain control over their public lands, their financial system, internal improvements and educational systems.

V. CONCLUSION

Research on the economic development of the United States in the two decades before the Civil War has demonstrated rather convincingly that this was a period of dramatic economic change in the Northern states of the Union. Though these changes go by a variety of names – "market revolution," "industrial revolution," or "life cycle transition" – the inescapable fact is that this was a period in which the economic and social environment of many Americans was undergoing profound upheaval. The view of the Civil War that we present in this paper is that these "revolutionary" economic changes were the *cause*, not the *consequence* of the war. As critics of the Hacker-Beard Thesis correctly point out, had there been no war, the economic changes associated with industrialization in the Northern states would have continued. That is precisely what Southerners feared when they sought to break away from the Union in 1860. The Southern vision of political economy during the antebellum years was shaped by an economic system that was basically static in nature. Southerners felt culturally isolated from the rapidly developing economic system of the North, yet at the same time they felt threatened by the "Yankee Leviathan". When the Republican Party gained control of the Presidency with the election of Abraham Lincoln in 1860 with no support from the slave states, the triumph of northern economic power and ideology seemed inevitable. Well before the presidential election, Southern spokesmen expressed fears of northern domination of the national political system. The only way to escape that domination was to leave the Union.

The stasis produced by the slave system not only affected the economic thinking of slaveholders, it also produced a very negative view of the slave South among Northerners. Despite the wealth of the cotton regions, Northerners saw the South as a very backward society. Cultural Historians have emphasized the powerful effect that this negative view of the South had in encouraging Northern rhetoric calling for an end to the domination of the government by the *slave power* had on the northern electorate.[56] The negative view of Southern society was an important cornerstone of anti-slave propaganda that stirred up revulsion against the slave system in the 1840s and 50s. By stressing the extent of Southern backwardness, leaders such as Salmon Chase of Ohio were able to insist that the success of Southern forces in congress in obstructing northern interests in Congress represented a serious threat to the continued progress of people in the free states.

The sectional differences we have emphasized in this paper reflect contrasting economic dynamics that by the 1850s had become major frictions between the two sections of the United States. Taken alone, any of the issues or actions we have just discussed might be dismissed as insufficiently important as a cause for war.[57] But together they pose a sufficiently formidable list of grievances on the part of one or the other region that they formed an important basis for the arguments to break up the American Union.

The Civil War was in reality *two* revolutions; Southerners launched their revolution – more accurately a *counter*-revolution – in an effort to break free from political union with the North. Northerners fought to defend the revolutionary process that had transformed their society into a market industrial society.

NOTES

1. The Beards coined the phrase "Second American Revolution" (1927, Vol. 2, Chap. XVIII). Other historians who have emphasized economic factors as the primary factors in the conflict and expanded on the Beardian theme include Louis Hacker (1940, 1971), Barrington Moore (1966), and Raimondo Luraghi (1972). These writers cast the problem in terms of a conflict between capitalist and pre-capitalist societies. Scholars with a less deterministic flavor who still place heavy emphasis on economic considerations include U. B. Phillips (1929), Charles Ramsdell (1929) and Eugene Genovese (1965b, 1968). For a discussion of how pervasive the Beard-Hacker Thesis had become by the 1950s, see Roger Ransom (1999).

2. In its most extreme form, this argument claimed that the war was the result of a "blundering generation" of statesmen who used the highly volatile issues of the 1850s to further their own political ends rather than providing a statesmanship that might have diffused the conflict (Randall, 1940). The emphasis on politics of the 1840s and 1850s can be seen in the work of writers such Michael Holt (1969, 1978, 1999), and Joel Silbey (1967, 1985). William Gienapp (1987, 1979) moves away from placing the blame on individual shortcomings, but still argues that a political resolution to the

conflict over slavery should have been possible. For a more recent work that is strongly consonant with Pessen's view of sectional homogeneity, see Brian Holden Reid, who "does not believe that the Civil War was the outgrowth of a 'Cold War' between the sections, motivated by ideological and cultural hostility" (1996, p. 14).

3. The most convincing statement of this argument is provided by Stanley Engerman's review article (1966). Also see the excellent collection of essays on this question in Gilchrist and Lewis (1965).

4. Gallman's estimates of commodity output in 1960 were the first reliable evidence on growth before 1869; he later published estimates of gross national product for the United States that confirmed the sluggish performance of the U.S. economy in the 1960s (Gallman, 1960, 1966).

5. Though the narrow version of the Beard-Hacker Thesis was no longer accepted by most historians, the idea of a "Second American Revolution" continued to appeal to historians. For a discussion of the broader interpretations of this term see Ransom (1999).

6. This was all part of the Beards' argument that the war was inevitable. To simply assume a counterfactual scenario that postulates there was no war denies one of the central tenets of the Beardian argument. For more on the issue of counterfactuals and the interpretation of the Civil War, see Ransom (1999).

7. North (1961). The description of North's tripartite economic model of inter-regional trade presented here draws heavily on the discussion by Sutch (1982) and Ransom (1989, Chap. 3). The model of American growth based on inter-regional trade suggested by North in 1961 has been replaced by a more complex view of growth stressing development of regional growth spurred on by local markets. See for example, the work of Diane Lindstrom (1970). These criticisms of North's model are well-taken. What we emphasize in this paper, however, are the changes that come about because of the inter-regional interdependences and regional peculiarities that emerge from the patterns of inter-regional trade outlined in the North model.

8. Albert Kohlmeir (1938) was the first to measure the significance these east-west trade flows had attained relative to the north-south trade by the middle of the antebellum period. North suggested the expansion of trade with the east came after 1840. Albert Fishlow (1964) suggested that a significant fraction of the shipments down the Mississippi River from the Ohio Valley were in fact going to New York rather than staying in the South.

9. Christopher Clark (1979), Joyce Appleby (1982, 1984) and Winifred Rothenberg (1981, 1985, 1993) are among the economic historians who argue that northern agricultural production had become both capitalistic and market-oriented by the beginning of the nineteenth century. Cynthia Shelton (1986) and Charles Sellers (1991) are examples of historians who view the emergence of industry and market capitalism in the first quarter of the nineteenth century as a "market revolution".

10. The term "child default' was first used by Jeffrey Williamson (1986) with reference to a growing tendency of children in late eighteenth century England to migrate from rural areas to the mills. Ransom and Sutch (1986a, b) and Carter, Ransom and Sutch (forthcoming) present an analysis of child default as a product of the life-cycle transition in the United States during the nineteenth century. William Sundstrom and Paul David (1988) examine the problem of children leaving the family using a model that centers on the importance of economic opportunities in urban settings as a factor in the bargaining between parents and children.

11. The discussion of the "Life Cycle Transition" that follows draws heavily on our previous work; see in particular Carter, Ransom and Sutch (forthcoming); Ransom and Sutch (1986a, b) and Sutch (1991).

12. This argument is developed more fully in Ransom and Sutch (1979, 2001). There is a considerable literature, dating back to the pioneering article by Alfred Conrad and John Meyer (1958), which points out the extent to which returns to cotton production on western lands were significantly higher than returns in the east. This meant that planters in the eastern areas of the South were forced to make up for the decreasing returns in cotton through the realization of capital gains from growth in the slave labor force. On the magnitude of the slave trade that resulted from these pressures see Richard Sutch (1975).

13. The estimates are for the states of South Carolina, Georgia, Alabama, Mississippi, and Louisiana (Ransom & Sutch 1988).

14. There is another reason why saving would be depressed by slavery. Slaves could not save for themselves and the slaveowner had no reason to save on their behalf. The arguments are spelled out more fully in Ransom and Sutch (1988).

15. The analysis of inter-regional trade flows presented by North (1961) accentuated the prosperity of the antebellum cotton South. Quantitative estimates of regional income before the Civil War by Richard Easterlin suggest that the income of free whites in the South in 1840 was just about the same as in the free states (1960, pp. 73–140; 1961, pp. 525–547) Stanley Engerman uses Easterlin's data to show that the Southern regions kept pace with the North in the two decades prior to the Civil War (Engerman 1966, pp. 71–97; 1971, pp. 279–306).

16. On the role of the cotton boom of the 1850s in the South see Wright (1975, 1978), Ransom and Sutch (1979), and Ransom (1989, Chapter 3). North (1961) argued that economic growth in both the East and the West after 1843 was no longer as dependent on the level of activity in the cotton trade. Robert Fogel has carried the argument further, claiming that there was a "hidden depression" in the North from 1849 to 1855 (Fogel, 1989, 1992). Fogel contends that the problem of job displacement due to immigrants in the Northern labor markets was completely absent in the South. James Huston (1987) argues that the fact that the South largely escaped these economic dislocations and the panic of 1857 was widely interpreted in the South as proof that "king cotton" was, in fact, invulnerable to the economic pressures of the international market. This, he points out, did not necessarily lead to secession, but it did make Southern politicians less eager to compromise on issues such as land policy and the tariff (Huston, 1987).

17. Yasuba's index of fertility is defined as the number of children five years and younger per 1000 women aged 16–44 in the population (Yasuba, 1962). Elsewhere we have examined in considerable detail the antebellum decline in fertility and shown how this was an integral part of the Life Cycle Transition. See Ransom and Sutch (1986a, b) and Carter, Ransom and Sutch (forthcoming).

18. The life-cycle transition is not the only possible explanation that has been offered for the trends in east-west fertility evident in Fig. 1. Richard Easterlin (1976) has put forward a "land-scarcity" hypothesis of declining fertility. Easterlin claims that the lower fertility of the eastern states is a Malthusian response to the growing scarcity of land in the more settled regions. This argument does not appear convincing to us since: (a) we find it difficult to argue that land was in any meaningful sense "scarce" in the United States after 1800; (b) the land-scarcity hypothesis explains neither why the

fertility was so high in the late-eighteenth century, nor the timing of the decline which began around 1800; (c) the land-scarcity hypothesis can not explain the persistently higher fertility rates in the southern states. For a more complete explanation of these arguments, see Ransom and Sutch (1986a).

19. The Erie Canal was completed in 1825 linking Lake Eire with New York. The Ohio Canal system linking Lake Eire with the Ohio River and Cincinnati was completed by the mid-1840s. On the impact of these transportation improvements see Ransom (1964) and Carter Goodrich (1960). William Cronon (1991) gives an excellent account of Chicago's emergence as the major entrepot for the hinterland that extended west to Kansas City and north to Milwaukee and Michigan.

20. The methodology developed is explained in Ransom and Sutch (1984a, b).

21. See Robert Fogel and Stanley Engerman (1974) and Fogel (1989). It is interesting to note that, despite the furor Fogel and Engerman's analysis of American Slavery caused among historians, their argument that the South was a prosperous and developed economy has been widely accepted by historians. See, for example, the comments on Southern industrialization and growth in the recent text by William Cooper and Thomas Terrill (1991, pp. 323–334).

22. Low fertility counties are those with a Yasuba Index below 1350; medium fertility counties have Yasuba indices between 1350 and 1600; high fertility counties have Yasuba indices above 1600. The geographical divisions in Table 1 correspond to those used in Fig. 1.

23. Thus, for example, settlement of new land in the West depresses land prices elsewhere, which worked against the interests of those already holding land in the East. On the other hand, settlement of more fertile land increases the demand for slaves, thus promoting political support for cheap western land from slaveholders content to stay in the east and ship slaves to the west. Most studies conclude that the price of cotton would decline, though the impact of this on profits is complicated because of the possible increase in productivity of both land and labor in the West. See the discussion in Ransom (1989, pp. 53–55). Others who have commented on the question include: Peter Passell (1971), Passell and Wright (1972), Susan Lee (1975, 1978), Laurence Kotlikoff and Sebastion Pinera (1977), and Mark Schmitz and Donald Schaefer (1981).

24. On this point see Hal Barron (1984).

25. On concerns that a 160-acres tract was too small for a plantation, see Robbins (1950, p. 176).

26. Atack and Passell (1994, pp. 261–262). The authors note that the minimum size of purchase was reduced by the time the latter two states were opened to settlement.

27. The bill passed in the House of Representatives by a vote of 116 to 65. As Richard Bensel notes, support for the Act in the House was almost universal among all political groups in the free states; in the slave states the bill received only a single vote (1990, pp. 69–72).

28. The Kansas Nebraska bill opened up a large area for settlement and overturned the compromise on slavery in the territories that had been reached with the Compromise of 1820. Most historians have regarded this act as a monumental blunder on the part of the Democrats. For a somewhat different approach to the question see Barry Weingast (1998, pp. 177–184). The standard references for the debates on land policy at this time are Benjamin Hibbard (1924) and Roy Robbins (1950).

29. Columbus Democrat (July 1854), quoted in Hummel (1996, p. 119). For a recent analysis of the movement for free land and its role in upsetting the "sectional

equilibrium" that was an essential element of the second party system, see Barry Weingast (1998, p. 184–188).

30. Quoted in Foner (1970, p. 29). In addition to Foner, see Robbins (1950, Chap. 10), Hibbard (1924), Hummel (1996, pp. 118–120), and Levine (1992, p. 178).

31. This statement is based on Richard Bensel's comparison of votes in the House on several key legislative proposals in Congress just prior to the 1860 election: the homestead act; a tariff proposal; the pacific railway bill, and support for agricultural colleges (Bensel, 1990, Tables 2.3–2.5, pp. 71–73).

32. The classic work on the "transportation revolution" is George Rogers Taylor (1951); also see Alfred Chandler (1977, part II). On the role of state and federal government in this, see Carter Goodrich (1961, 1960). For an excellent map of the canal system that illustrates the importance of linking east and west north of the Ohio River, see Goodrich (1961, pp. 84–85). As Ransom (1964, 1967) and Julius Rubin (1960) have pointed out, many of the state efforts in the Northeast to promote interregional trade were competitive and this led to an overinvestment in canals.

33. Baltimore was the principal southern city promoting transportation to the West. Over a period of years the Chesapeake & Ohio Canal and two major rail routes were cut over the mountains to the west. In Virginia, the James River and Kanawha Canal hoped to provide Richmond with a route to the West. On the Baltimore ventures see Goodrich (1961); on the Virginia venture see John Majewski (1996).

34. Alfred Chandler (1977) provides the best account of the development of inter-regional trunk lines before the Civil War. John Majewski has suggested that the failure of Southerners to undertake large-scale internal improvements was in part due to limitations of the capital market. "Local investment," he points out, "worked well to finance turnpikes, bridges, and river improvements, but became cumbersome for larger projects such as railroads" (1996, p. 780). Majewski contrasts the experience of a rural Albemarle County Virginia, where funds came from wealthy slaveholders in the region, with Buckingham County, Pennsylvania, where access to sources of funds in Philadelphia allowed residents to import capital for their projects.

35. Bensel (1990, pp. 70–71). None of the representatives from districts with more than 50% of the population slaves supported the measure; the only strong support in the South came from the few areas where there were immigrants and/or some manufacturing activity.

36. These data were collected from the addresses in Homans' *Merchant and Bankers' Almanac* (1869). The number of banks in each state was determined by the name and address given for each bank listed in Homans' *Register* as being in business in 1860. Homans sometimes explicitly identified a bank location as "branch"; in other cases branch locations of a bank were identified based on company names listed in the *Register*.

37. The data for financial centers in the Northwest is undoubtedly influenced by the fact that the two largest financial centers west of the Appalachians – Buffalo and Pittsburgh – are grouped in the northeastern states. In many respects, these two cities are more typical of the northwest than the northeast. Including them in the Northwest would make the urban banking data for that region in Table 3 more like those of other regions, however it would not alter the general picture of banking in the West.

38. This was particularly true in Indiana and Ohio. Both states had state-financed banks with branches throughout the state whose notes were backed by bonds issued by the state for the financing of internal improvements.

39. The ratio of deposits to note issue was more than twice as high for banks in the cotton states of South Carolina, Georgia, Alabama, Mississippi and Louisiana than for states outside the South (Ransom and Sutch, 1977, p. 108). For more on the situation of Southern banks on the eve of the Civil War see Ransom and Sutch (1972).

40. Table 3 reveals that 20% of the population in the Northeast lived in the five cities we identified as financial centers, compared to 4% in the Northwest and between 6 and 7% in the slave states. In fact, these data understate the degree to which urban life has come to permeate the Northeast by 1860. Just over 3 million people, or 30% of the free population of the Northeast, were living in the 48 cities with a population of 10,000 or more people. The comparable figures for the Northwest was 15 cities with 560 thousand people (7.2%) and for the South it was 16 cities with 873 thousand people (8.1%). The figures were computed from the 1860 census.

41. Alan Olmstead (1976) provides an excellent overview of the rise of savings banks in this period. We have argued elsewhere that the rise of insurance was associated with the life-cycle transition (Ransom & Sutch, 1984a, b).

42. Steckel (1989a, b) reported results from regression analysis showing that a hypothesis based on the density of banks and structure of occupations performed well as an explanation of the fertility decline.

43. Five Cabinet members resigned in protest over the second veto. The Whig president was ostracized from his own party for the balance of his term, and eventually supported James Polk, the Democratic candidate, in the 1844 presidential election. On the significance of the banking controversy to the two political parties during this period, see Michael Holt (1999, pp. 128–136); on the significance of the bank debates to the economy, see Peter Temin (1969) and Atack and Passell (1994, Chap. 4).

44. On the significance of the life-cycle transition to schooling in the Northern States compared to the South, see Ransom and Sutch (1986b) and Carter, Ransom and Sutch (forthcoming).

45. On the movement to support common schools in the North, see Albert Fishlow (196a, b), Karl Kaestle and Maris Vinovskis (1980) and Kaestle (1983).

46. Political historians who stress that ethnic politics did not involve slavery include Roland Forissano (1971), Michael Holt (1969, 1978, 1999), and Joel H. Silbey (1985).

47. An excellent analysis of the degree to which immigrants in the West supported anti-slave politics can be found in Bruce Levine (1992). Also see Ransom (1989: Chap. 5) and William Geinapp (1979, 1987) on the role of the immigrants in promoting the Republican Party in the Midwest.

48. Bruce Levine makes a strong case for support from immigrant groups eager for western land (1992). Southerners frequently cited the possibility that free land would attract more immigrants as a reason to oppose the Homestead Act in 1858–60 (Hibbard, 1924, pp. 366–385).

49. See Ransom (1989, pp. 142–144). Steckel (1989b) argues that the magnitude of such reverse flows out of the South was quite small. Nevertheless, it is interesting to note that his data, which are based on a sample of 1600 families found in the 1850 and 1860 manuscript census schedules, suggest that the migration out of the South was substantially larger than any migration into the South from the North or West.

50. William Freehling (1990) notes that some observers in South Carolina claimed that the reduction in the demand for raw cotton purchased by Great Britain from the America would amount to as much as 40% of the cotton production. Though the magnitude was not supported by modern microeconomic analysis of the elasticity of

demand, it was persuasive rhetoric for antebellum Southerners. As one observer noted, "the [northern] manufacturer actually invades your barns and plunders you of 40 out of every 100 bales you produce" (Freehling, 1990, p. 256).

51. Irwin and Temin (2000). The authors point out that while lower tariffs did increase imports, domestic production of cotton textiles expanded rapidly in the period after 1816. One reason for this was that British exports tended to be a higher grade than American production; hence the two products did not directly compete. The same reasoning undercuts the argument that the tariff cut back the British demand for raw cotton from the United States.

52. Quoted in Egnal (2001, p. 52).

53. See the discussion of the 1857 bill in Egnal (2001) also Richard Hofstadter (1938) and James Huston (1987).

54. Thus, writers such as Freehling (1990, 1965) suggest that the controversy over nullification in 1832–1833 actually reflected a more deep-seated fear on the part of South Carolinians to protect slave interests. Similarly, the tariff issue was transformed into a tax on cotton – and therefore a threat to the slave system.

55. Huston (1999, p. 261). For examples of those who argue that slavery was not threatened, see the citations in footnote 3 above.

56. The most notable proponent of this interpretation is Eric Foner (1970, 1975, 1980). It is interesting to note that Robert Fogel (1989) also places great importance on the negative view Northerners held of the South in stirring up sectional frictions. Fogel, however, insists that this view was, in fact, misguided.

57. Indeed, this is exactly the approach used by Stanley Engerman (1966) and others who resist the well-known thesis by Charles Beard and Louis Hacker that the Civil War was a "second American Revolution that transformed the United States into a capitalist society at the end of the nineteenth century. For more on the Hacker-Beard controversy, see Ransom (1989, Chap. 8, 1999).

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